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81<sup>ST</sup> ANNUAL REPORT  
OF THE  
INTERSTATE COMMERCE  
COMMISSION



FISCAL YEAR ENDED JUNE 30, 1967



U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1967

# INTERSTATE COMMERCE COMMISSION

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WILLIAM H. TUCKER, *Chairman*  
PAUL J. TIERNEY, *Vice Chairman*  
KENNETH H. TUGGLE  
RUPERT L. MURPHY  
LAURENCE K. WALRATH  
JOHN W. BUSH  
VIRGINIA MAE FROWN  
WILLARD DEASON  
GEORGE M. STAFFORD  
GRANT E. SYPHERS  
DALE W. HARDIN

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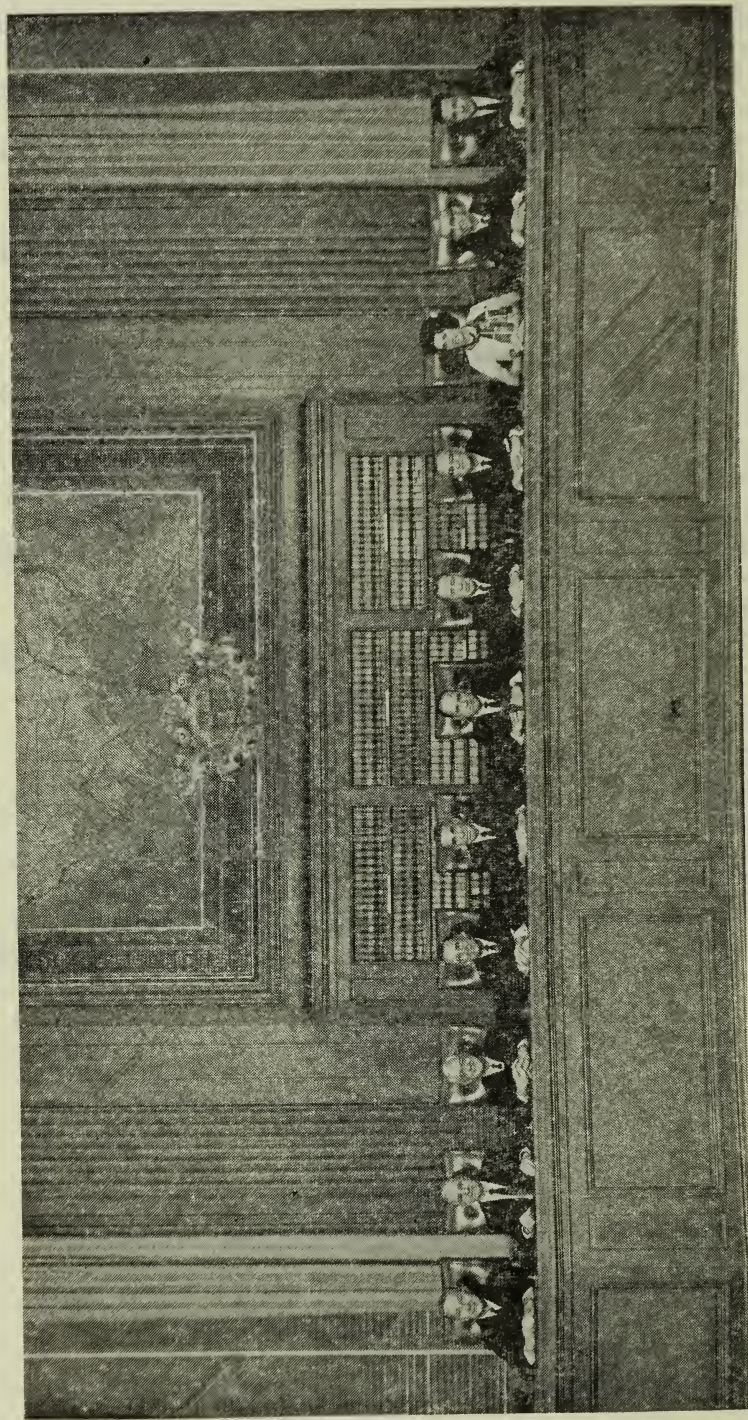
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Interstate Commerce Commissioners (left to right) Syphers, Deason, Bush, Murphy, Tierney (Vice Chairman), Tucker (Chairman), Tuggle, Walrath, Brown, Stafford, Hardin.



# REPORT OF THE INTERSTATE COMMERCE COMMISSION

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WASHINGTON, D.C., *December 20, 1967.*

*To the Senate and House of Representatives:*

The Interstate Commerce Commission submits herewith its 81st Annual Report to the Congress. A statement of appropriations and aggregate expenditures for the 1967 fiscal year ended June 30, 1967, is contained in appendix E.

With important exceptions, the other material in the report also deals with the 12-month period ended June 30, 1967. The exceptions mainly concern references to actions by the 1st session of the 90th Congress, and various statistical data. Some of the formal proceedings also are discussed beyond the end of fiscal 1967, in situations where subsequent developments may have significantly altered narration of earlier occurrences.

## THE COMMISSION

Commissioner William H. Tucker was elected by the members of the Interstate Commerce Commission to serve as Chairman for calendar year 1967, succeeding former Chairman John W. Bush. Commissioner Paul J. Tierney was elected Vice Chairman. Commissioner George M. Stafford took the oath of office as a Commissioner on April 26, 1967, succeeding Commissioner Howard Freas who retired December 31, 1966. On July 31, 1967, the oath of office was administered to Commissioners Grant E. Syphers and Dale W. Hardin who succeed, respectively, Commissioner Abe McGregor Goff, whose term of office expired December 31, 1966, and Commissioner Charles A. Webb, who resigned March 31, 1967. The 11 members of the Commission serve staggered 7-year terms. Their states of legal residence are as follows:

Kenneth H. Tuggle-----	Kentucky.
Rupert L. Murphy-----	Georgia.
Laurence K. Walrath-----	Florida.
John W. Bush-----	Ohio.
William H. Tucker-----	Massachusetts.
Paul J. Tierney-----	Maryland.
Virginia Mae Brown-----	West Virginia.
Willard Deason-----	Texas.
George M. Stafford-----	Kansas.
Grant E. Syphers-----	California.
Dale W. Hardin-----	Illinois.

Other data on the Commission's organization appear in appendix A.



## INTRODUCTION

In a year showing continued growth and prosperity for all modes of regulated transportation, the problems dealt with by the Commission demanded an unusually high degree of energy and imagination. Stressing both quality and quantity in performing its functions, the Commission devoted considerable attention to increasing the effectiveness of its internal operations.

To invigorate our day-to-day efforts within existing budgetary limitations, we implemented a major reorganization of the Commission's Office of Proceedings. Realignment of this office, which processes the Commission's cases, is the final phase of a plan initiated in 1961 to modernize and refine the Commission's organization and procedures. The transfer of our safety functions and accompanying personnel to the Department of Transportation in April of 1967 gave us an opportunity to reevaluate the deployment of our field staff and to accomplish greater centralization of our operations in this area.

By refining existing procedures, improving organization, and increasing efficiency, the Commission was able to reduce by 24 percent the docket of cases pending at the end of the fiscal year. The following highlights focus attention on some of the complex issues which required the Commission's consideration :

- A proliferation of carriers' merger and diversification patterns.
- General freight rate increase proposals.
- Proposals to discontinue several passenger trains, pitting the financial drain on carriers against the needs of the traveling public.
- Assurance of adequate service to small shippers and small off-route communities in the face of an emphasis by carriers on volume movements between major urban areas.

As an important part of its activities, the Commission actively promoted several amendments to the Interstate Commerce Act which would enhance its ability to discharge its statutory responsibilities. The first of two key amendments would give the Commission authority to prescribe through routes and joint rates among motor carriers and between motor carriers and other modes, in appropriate circumstances, thereby sharpening the regulatory tools available for coping with the so-called small shipment dilemma ; the second would allow the Commission additional time and flexibility in determining rail passenger train discontinuance proposals.

Major developments in the complex railroad consolidation movement absorbed a great deal of the attention of the Commission throughout the year.

The Commission has undertaken a consolidation of the four parts of the Interstate Commerce Act into a single comprehensive enactment, a task of considerable merit and magnitude. We expect to be able to submit a draft revision to Congress in 1968. Fiscal 1967 also marked the beginning of an era of improved Federal-State cooperation. Thirty-nine States have now entered into highway economic enforcement agreements with the Commission as authorized by Public Law 89-170. The cooperative Federal-State effort made possible by these agreements is expected to provide for more effective enforcement of the Commission's economic regulations.

As this past year has demonstrated, the profile of surface transportation cannot be etched with permanent lines. Regulation, then, must be sufficiently flexible to respond to changing conditions, to advancing technology, and to the shifting requirements of commerce as it adapts to the social and productive needs of the American people. The following pages report the response of the Interstate Commerce Commission to this challenge.

## ADMINISTRATION AND PROCEDURES

The dominant concern of the agency's management has been to provide efficient administration and effective procedures of sufficient flexibility to respond to the changing problems encountered in the regulation of surface transportation. As economic issues become more complex, often requiring emergency attention and coordinated action at all levels of government, deployment of the Commission's full range of resources is necessary. While handling a wide range of emergencies this year, the Commission posted significant advancements in reducing the caseload, concentrating full attention to economic regulation after the shift of nonregulatory functions to the Department of Transportation, and cutting costs wherever possible.

### *Highlights*

- Field and headquarters staffs realigned to reflect end of safety jurisdiction.
- Office of Proceedings restructured to provide broader utilization of attorneys.
- Memorandum of agreement with Department of Transportation signed.
- Cost-cutting program proved increasingly effective.
- Electronic taping of hearings inaugurated.
- Automatic data processing lessened reporting burden.
- Federal-State cooperation improved effectiveness of highway enforcement as result of ICC agreement.

## CREATION AND IMPACT OF DEPARTMENT OF TRANSPORTATION

### *Transfer of Functions and Personnel to DOT*

The transfer of safety responsibilities to the Department of Transportation enabled the Commission to concentrate its resources on the economic regulation of transportation—the reason for the creation of the Interstate Commerce Commission in 1887. The headquarters and field reorganization discussed in this chapter reflects a renewed dedication to this purpose.

Most of the organizational and procedural changes implemented during the latter months of the fiscal year were necessitated by the impact of the new executive department. At the same time, the Com-

mission completed a far-reaching program to modernize and streamline its organization and procedures. This program, which began in 1961 with a reorganization at the Commission level, culminated in 1967 with realignment of the Office of Proceedings. The changes instituted during the last 6 years have been highly successful, and have led to substantial dollar savings, greater productivity, and improved efficiency.

### *Memorandum of Agreement*

On April 3, 1967, a memorandum of agreement was signed by Chairman William H. Tucker for the Interstate Commerce Commission and Secretary Alan S. Boyd for the Department of Transportation. The purpose of the agreement was to assure continuity, liaison, and coordination of personnel and functions, when the new Department became operational.

The memorandum formally documented each agency's responsibilities in areas of mutual concern and established arrangements for the transfer of formal cases, many of which were in various stages of processing before the ICC and the Federal courts. The agreement included provisions for the following areas:

*Motor carrier fitness.*—The safety aspects of a motor carrier's operations are a significant factor in the consideration of a carrier's fitness to serve the public. The memorandum of agreement provides that the Department of Transportation will furnish safety information to the Commission for use in operating authority application, transfer, and revocation proceedings.

*Pending cases.*—The Commission transferred to the new Department for processing all pending safety proceedings, along with the official docket material in such cases.

*Appeal of earlier decided cases.*—All pleadings concerning safety cases decided by the Commission prior to April 1, under any authority transferred to the new Department, will be furnished to the Department for appropriate action. A similar procedure will be followed where a Federal court acts in safety cases previously decided by the Commission.

The agreement also contained arrangements for the exchange of published data and documents, and for establishing broad areas of liaison and coordination between the two agencies.

## ORGANIZATION

### *Restructuring After Activation of DOT*

The loss of approximately 17 percent of our overall staff necessitated some realignment of our central and field organizational structure. The number of bureaus in our Washington, D.C., headquarters was reduced from six to five. This was accomplished by replacing our



former Bureau of Operations and Compliance and our former Bureau of Safety and Service with a single Bureau of Operations. The new bureau performs the residual functions of both bureaus following the transfers to DOT. Provision was made in the new bureau structure for continued specialized direction of railroad, motor carrier, water carrier, and freight forwarder activities. Because of their close relationship to the substantive program activities, responsibility for coordinating the civil defense mobilization functions was also lodged in the new Bureau of Operations.

Consolidation of region 6 (headquarters in Portland, Oreg.) with region 7 (headquarters in San Francisco, Calif.) reduces the number of field regions from seven to six. San Francisco will be the headquarters for the new region. Because the transfer of Commission personnel to DOT included over one-third of our operating field staff, the field supervisory structure also required adjustment. Offices which formerly functioned as district offices of the Bureau of Operations and Compliance are now field offices aligned under the six regions. Technical direction for field programs is assigned to program directors headquartered in the six regional offices.

#### *Realinement of Proceedings Organization*

We completed the final phase of a long-term program aimed at modernizing and streamlining our Proceedings organization. The principal change, effective July 1, 1967, consolidated into a single Section of Opinions the three separate proceedings sections formerly maintained for the several major categories of cases, i.e., Finance, Rates and Practices, and Operating Rights. This change will improve utilization and will broaden the work experience of our professional staff. A newly established Policy Review Committee will assist in identifying, defining, and proposing realistic solutions to the critical policy problems which occur in the proceedings area. Other approved changes include: (1) transfer of the Financial Analysis Branch of the former Section of Finance to the Bureau of Accounts; (2) consolidation of the Temporary Authorities and Transfer Boards; (3) consolidation of Operating Rights Boards Nos. 1 and 2; (4) abolishment of Finance Boards Nos. 1 and 3, and transfer of their duties to the Review Boards; and (5) redesignation of the former specialty review boards as Review Boards Nos. 1, 2, 3, 4, and 5, respectively.

Appendix A reflects the new Proceedings organization as well as those adjustments made in our organization to meet the impact of DOT.

#### *Field Activities*

The shift of safety matters to the DOT required considerable adjustment in our field operations and procedures. No longer do we maintain offices in Mobile, Ala., Tampa, Fla., Duluth, Minn., and

Great Falls, Mont. Our field installations now number 84 and are located in 47 States. Notwithstanding the severe impact of DOT upon the field establishment, our program evaluations indicated that productivity continued to rise in many areas of our substantive field operations.

Due to strikes and work stoppages in the transportation industry, our field forces were placed on emergency operational status twice during the year. The first instance occurred in July 1966, following a nationwide strike of five airlines; the second resulted from work stoppages and lockouts in the regulated trucking industry in April 1967. On these occasions our field offices provided assistance to shippers, carriers, and the general public to meet emergency situations. Based upon their on-scene analyses, we provided periodic reports on the impact of the work stoppages to the President's Council of Economic Advisers and other agencies involved in dealing with the emergencies at the national level.

Regional managers continued their active participation in Federal Executive Board and defense mobilization activities. Projects for improving industry and community relations included holding "open house" in Boston and Fort Worth when our offices were relocated in new Federal buildings in those cities.

#### **COST REDUCTION AND MANAGEMENT IMPROVEMENT**

Savings under the Commission's cost reduction program amounted to \$579,700 this year. Contributing activities included: a revision of processing procedures, increased staff productivity, and automation of manual operations. Resultant savings helped offset increased costs of high priority programs and to finance more work units.

In addition to the cost reduction accomplishments, the Commission has taken significant action in the area of management improvement. Since 1964, a program evaluation system has resulted in increased productivity in field operations. Beginning July 1, 1967, a similar system was instituted for the regulatory bureau operations at headquarters. This system evaluates the accomplishments of programs in relationship to defined productivity goals, identifies problem areas, develops alternative procedures, and relates operating programs to the budget process. The two systems, together with the procedure for review and control of research projects, will provide the Commission with a method for meeting the basic objectives of the program-planning and budgeting system encouraged by the President.

#### **EXPEDITION OF CASES**

Because of sharp increases in the filing of applications for motor carrier operating authority, the Commission was faced with an unprecedented workload as it entered fiscal year 1967. To meet this prob-

lem, we instituted various procedural changes late in fiscal 1966, which dramatically cut in size the overall docket in fiscal year 1967. The docket was reduced 24 percent, from 8,050 cases pending at the start of the year to 6,108 at the end of the year. This reduction was attained without any increase in manpower, and in spite of the diversion of a substantial portion of the staff to several time-consuming merger proceedings and numerous train discontinuance cases.

### PROCEDURE AND PRACTICE

In an innovative attempt to reduce reporting expenses, which exceeded \$200,000 in the preceding fiscal year, the Commission became the first Federal regulatory agency to permit audio recording of proceedings. A tape recorder will be used in selected hearings where a brief proceeding with few participants is anticipated and a written transcript is thought unnecessary. Parties have the option of using a stenographic reporter in lieu of tape, if they do so at their own expense and provide copies of the transcript for Commission use. After tests conducted in cooperation with the Motor Carrier Lawyer's Association and the Association of Interstate Commerce Commission Practitioners, a multispeaker stereophonic recording system was selected for this program. A second recorder is provided as a backup machine and to play back testimony, if needed. A copy is made of each tape before transmittal to Washington and the original is not transmitted until the copy is received. The duplicate tape is made available to the public and additional copies may be purchased by interested parties.

### RESEARCH ACTIVITIES

Under the direction of the Vice Chairman the Commission actively reviewed and coordinated its research activities to determine Commission-level priorities and to coordinate staff research more closely with our policymaking processes. By channeling its limited resources toward the most immediate regulatory problems, the Commission doubled the amount of staff research on specific projects, without increasing the staffs of those bureaus having the responsibility for research activities and without a detrimental effect upon the regular work of the bureaus. Our research activities fell into three primary categories, (1) providing technical assistance in a formal proceeding; (2) developing evidence in cases where the Bureau of Enforcement is participating to protect the public interest; and (3) producing studies of general transportation interest. Examples of the last-named category were the Bureau of Economics studies on *Air-Truck Coordination and Competition* and *Piggyback Traffic Characteristics*.

In its research activities, the Commission made increasing use of probability sampling techniques. This permitted the agency to obtain timely and quality data at minimum cost.



## RECORDS MANAGEMENT AND PAPERWORK REDUCTION—CARRIER REPORTS

A review program was initiated to compare publication costs with analyses of the regulatory value of the information published. Further changes may be made in the Commission's publication program during the coming year as a result of the review.

A program for the improvement of the quality of all reports filed by carriers was initiated. The increased utilization of electronic data processing equipment places added emphasis on legibility and uniformity of reporting. In the long run better reporting will result in decreased reporting costs to both the carriers and the Commission, and in more timely and useful financial and operating statistics.

### *Records Disposal*

Our records disposal campaign, conducted at the request of the President, was highly successful. The following savings were effected during the campaign: Records destroyed—8,654 cubic feet; records transferred to Federal Records Centers—3,249 cubic feet; records in Federal Records Centers destroyed—1,740 cubic feet; disposal of outdated publications—7,185 cubic feet. Total annual savings in space and equipment as a result of the record reductions amounted to more than \$70,500.

## AUTOMATIC DATA PROCESSING

The Commission is continuing the expansion of automatic data processing in its day-to-day operations with a goal of eliminating all manual processing which can be done more economically and faster by computer. Current emphasis is being directed to the exchange of computer data with the industry and other Government agencies. One long-term effect of this program will be reporting of data on magnetic tape by carriers, with resulting savings to both the Commission and the industry.

Application of computer procedures to the processing of class II motor carrier annual reports was completed. The next cycle covers the processing of all class I and class II motor carriers of property and class I motor carriers of passengers. Data processing analyses have been made of sections of annual reports of other modes, particularly the railroad annual report form A. One program covering substantial itemization of data for individual class I railroads has been tested and will become operational for the first time in respect to 1966 data. This improvement should eliminate a considerable amount of staff time at the checking and typing stages of the work. Computerization of freight commodity reports filed by railroads and motor carriers is being actively pursued.

We have continued to expand the use of automatic data processing in our cost-finding work. The proposed car ownership formula developed



in connection with ex parte No. 241, *Investigation of Adequacy of Railroad Freight Car Ownership, Car Utilization, Distribution, Rules and Practices* was programed to permit preparation of testimony and exhibits introduced by Commission staff in the proceeding. Our study of rail station costs, using scientific sampling techniques, will employ automatic data processing equipment for editing, tabulating, and replicating the incoming data. Computers also have been used to process data collected for use in our motor carrier cost studies.

### DEPLOYMENT OF MANPOWER

An action plan, approved by the Civil Service Commission, was developed to give renewed emphasis to maintenance and expansion of equal employment opportunity in all phases of the Commission's activities. We participated in economic opportunity programs concerning the Nation's needy young people and were able to provide meaningful work experience for 43 such youths this year.

The maintenance of Civil Service examination registers for those positions peculiar to this Commission was discontinued. The registers and related records were transferred to the Civil Service Commission's Inter-Agency Board of Examiners and this Commission's Board of Civil Service Examiners was abolished. We adopted new guidelines suggested by the Civil Service Commission for qualification standards for employment of attorneys, thereby improving our competitive position in the labor market.

### EMERGENCY READINESS ACTIVITIES

The commission's emergency readiness activities placed emphasis on three major areas of preparedness—national defense, natural disaster, and radiological incident assistance.

In the area of mobilization planning for defense, the decision of the Office of Emergency Planning, in the Executive Office of the President, to severely reduce delegate agency funding to the ICC, resulted in abolishment of our three-man mobilization staff. The action by OEP did not, however, diminish the responsibility of the Commission in this activity, as established by executive order and statute.

The only course of action open to the Commission was to decentralize the functions and reduce ICC participation to a minimum. The position of Defense Coordinator was established to handle interagency coordination and representation, while the substantive defense planning activity was undertaken as an added responsibility of the bureaus and offices. Regional managers were assigned responsibility for leadership and coordination of the activity in the field.

Some 169 members were appointed to the ICC Unit of the National Defense Executive Reserve. (See app. F.) These highly qualified executives from industry were given assignments in the ICC emergency

standby rail, motor, inland water, and headquarters structures. Commission representatives and executive reserve members participated in a series of seven OEP-sponsored regional training meetings.

Refined modal plans for rail, motor, inland water, and public storage in an emergency were developed and furnished to the Office of Emergency Transportation for inclusion in an overall transportation plan to be issued by the Office of Emergency Planning. Also, limited progress was made in developing a rail preparedness guidance publication to advise railroad management of the actions that can be taken to prepare for a national defense emergency.

The Commission had various meetings with headquarters interagency committees, study groups, and ad hoc task forces sponsored by the Office of Emergency Planning, the Office of Emergency Transportation, the Office of Civil Defense, and other Federal agencies involved in emergency preparedness activities. These include the Interagency Emergency Planning Committee, the Interagency National Defense Executive Reserve Committee, the National Supply-Requirements Study Groups, and ad hoc committees on damage assessment, transport capabilities, and continuity of agency arrangements.

As a signatory party to the U.S. Atomic Energy Commission-sponsored interagency radiological assistance plan, the Commission has a responsibility to trace lost and damaged shipments of radioactive materials and to assist in locating equipment that might be required to evacuate or clean up contaminated areas. During the year the ICC assigned responsibility for ICC field input to a series of regional interagency radiological plans to our regional managers and provided representatives to AEC field meetings on this matter. The Commission also provided representation on the Interagency Committee on Radiological Assistance, which oversees the IRAP.

### INTERAGENCY COOPERATION

During the year, the Commission entered into an agreement to provide channels for furnishing carrier financial and statistical information to the Department of Transportation. The agreement also provides that the Commission staff will consult with and give consideration to such revisions in reporting requirements as the DOT staff may recommend. The ICC-DOT agreement is a necessity for each organization to the end that our statistical programs will have the broadest possible application and to eliminate duplication of effort.

The Commission continued to coordinate its annual reporting requirements with the Federal Maritime Commission and the Maritime Administration. In addition to obtaining quarterly reports of gross capital expenditures of class I railroads, motor carriers, water carriers, and pipeline companies for the use of the Securities and Exchange Commission and the Department of Commerce, the Commission par-

ticipated with the Securities and Exchange Commission in obtaining special information from selected carriers on a one-time basis. This information was also intended for the use of the Department of Commerce and the President's Council of Economic Advisers.

The first of the special studies involved class I railroads and all class I motor carriers of property with annual revenues of \$5 million or more. The survey sought to obtain from these carriers estimated capital expenditures for 1966 and anticipated capital expenditures for 1967, reflecting the impact of the temporary restriction on use of investment tax credit and accelerated depreciation.

Another survey involved information from class I line-haul railroads and selected motor carriers of property and passengers to determine factors which may have resulted in differences between actual expenditures of plant and equipment in 1966 and the level of expenditures anticipated earlier in the year; and the extent and nature of the impact of these developments on their outlays in 1966 and their anticipated outlays in 1967.

#### FEDERAL-STATE COOPERATION

This year we took effective action to increase our capabilities in our motor carrier enforcement programs. In the implementation of the Federal-State cooperative activity features of Public Law 89-170 (H.R. 5401), we published in 49 CFR 277a the terms of cooperative agreements to enforce economic regulations concerning highway transportation. The terms provide for an exchange of information with the States; requests for each other's assistance; joint examination, investigation, or inspections; and joint administrative activities. During the year 39 States filed an acceptance of the terms of the agreement. We are hopeful that all the States will endorse it because of the effective means it provides for enforcing regulations concerning highway transportation.

In cooperation with State enforcement officials we prepared and conducted a 5-day training program covering all aspects of economic regulation concerning highway transportation. The initial session was sponsored by the Florida Public Service Commission and attended by all of its highway enforcement personnel. Representatives from 10 other State commissions attended as observers. Response to the program was most favorable. The training program will be offered to regulatory personnel in every State by means of regional seminars, in cooperation with the National Conference of State Transportation Specialists.

We promulgated regulations (49 CFR 277b) for the uniform registration provisions of Public Law 89-170. These standards were developed through close cooperation with the States. The standardization of the various requirements of the States under which motor carriers



register our operating authorities; register and identify vehicles; and file evidence of insurance and process agents will enhance motor transportation enforcement at all levels. At the same time, the regulated industry will derive benefits in reduction of paperwork and the multiplicity of registration procedures now in existence.

### INTERNATIONAL COOPERATION

Representatives of the Bureaus of Traffic and Economics continued their participation in the Subcommittee on Trade and Shipping of the National Facilitation Committee, an interdepartmental group, and in the Subcommittee's container working party. The principal matters being dealt with are intercontinental movements of containers and standard billing documents. An incidental activity was the through container experiment of the United States and the Federal Republic of Germany.

These are significant transportation activities assisting the development of improved transport service in the through movement of goods between points in the United States and points in foreign countries. The use of standardized containers will permit door-to-door through service, by any transport mode, and at the same time eliminate the inefficiencies of transfer at ports.

## RATES AND SERVICES

The regulation of transportation has its most significant impact on the national economy in the area of pricing for services. The cost of transporting goods from their source to a market is a factor in the price of every commodity offered for sale. Competition among carriers stimulates the acquisition of new and larger equipment, and a search for new methods of pricing and for ways and means of providing more efficient service. Within the purview of our powers and the framework of the Interstate Commerce Act, we encourage experimentation in carrier rates and services and make every effort to expeditiously resolve the disputes that arise from such interaction.

### Highlights

- Rising operating costs cited as basic reason for widespread requests for freight rate increases filed by railroads, motor carriers, freight forwarders, and express agency.
- Port relationships reflected railroads' right to compete and were not tied to absolute equalization.
- Motor carrier rates on most formerly exempt commodities found reasonable.
- Multilevel allowances approved for shipper-owned tank cars.
- General fourth-section relief order modified.

### INTERMODAL COMPETITIVE RATE STRUCTURE

On further hearing, Division 2 in *Canned or Preserved Foodstuffs from Fla. to N. Y. & N. J.*, 326 I.C.C. 776, found a proposed rail door-to-door piggyback flat charge of \$650 per flatcar of two trailerloads, and a proposed reduced motor-water-motor rate of Sea-Land Service, Inc., just and reasonable. The evidence showed that after the effective date of the piggyback charge, rail revenue on this traffic increased sharply. Destructive competition was not shown to exist, since rail rates were found to exceed out-of-pocket costs and Sea-Land did not show its competing service to be the low-cost mode. This proceeding was reopened by the Commission on its own motion and consolidated, for issuance of a single report, with two complaint proceedings, Nos. 34471 and 34471 (Sub-No. 1), both entitled *Sea-Land Service, Inc. v. Atlantic Coast Line Railroad Company, et al.* The proceedings were later assigned for a limited further hearing under the modified procedure.

In *Atchison, T. & S. F. Ry. v. Morris*, 329 I.C.C. 326, 26 railroads complained that the rates of numerous motor carriers on clay and drilling mud from origins in South Dakota and Wyoming to western points were unreasonably low. The complainants offered a cost study based on regional averages. After adjustments were made to the regional costs to reflect characteristics of the traffic, it was found that some of the rates were above and some were below out-of-pocket costs. In reversing the hearing examiner's refusal to consider such costs as representative, the Commission concluded that since the rates were published to many points in 12 States, regional average costs should be used to determine whether the assailed rates were compensatory, in the absence of more specific cost data. The defendants introduced no such data and the rates that were below the costs discussed were required to be canceled.

In Docket No. 34556 (and Sub-No. 1), *Sea-Land Service, Inc. v. New York Central R. Co.*, 329 I.C.C. 589, Sea-Land, a water carrier, filed a complaint against rail piggyback (trailer-on-flatcar) plan II and rail-motor plan V rates on wool and mohair from Chicago and East St. Louis, Ill., to points in the East, as being unreasonably low and destructively competitive. (Under plan II rates, the railroad provides a door-to-door service in accordance with rail tariffs; under plan V rates, published jointly by rail and motor carriers, either mode may originate a shipment which then moves at joint rates.)

On the basis of costs from East St. Louis to Boston and nearby North Chelmsford, Mass., the assailed rates to those points were found to be unreasonably low. However, these costs were not shown to be representative of costs to points in four other, less-distant States, and the remaining rates were found just and reasonable. No evidence was presented concerning rates from Chicago. No destructive competition was found to exist since Sea-Land was participating in the traffic at a rate which exceeded its own fully distributed costs.

### INTRAMODAL COMPETITION

Docket No. 34303, *Seaboard Air Line R. Co. v. Southern Ry. Co.*, 329 I.C.C. 17, was illustrative of the fact that competitive disputes are not confined to carriers of different modes, and that considerations other than cost at times are controlling. In this case railroads in the South complained that local carload commodity rates on sand, gravel, and crushed stone between points in Southern States by carriers of the Southern Railway System were unreasonably low. Base rates were published on 100-ton minimum shipments in articulated cars (a coupling of two 50-ton hopper cars), and very low incentive rates on weight in excess of 100 tons per car. Noting that costs are not the sole criterion for determining the lawfulness of rates, the Commission considered the facts (1) that transportation expense, being such a



large percentage of the production-site value of such commodities, prevents their movement for any substantial distance; (2) that the complaining railroads' share of the traffic, despite increased production, had declined; (3) that under the rates the defendants had experienced an increase in volume and gross revenues; and (4) that there was no showing of direct or indirect injury to any person, including the complainants. Thus, the assailed rates were found not shown to be unjust and unreasonable. Subsequently, the Commission's decision was upheld in *Seaboard Air Line Railroad Co. v. United States, et al.*, E.D. Va., 268 F. Supp. 500.

### PORT RELATIONSHIPS

*Paper, Central Territory to North Atlantic Ports*, 329 I.C.C. 281, dealt with reduced rail carload rates on paper and paper products for export from 49 producing points in central territory to Baltimore, Philadelphia, and the northern tier ports. Following the decision in *Boston and Maine Railroad v. United States*, 202 F. Supp. 830, affirmed *per curiam*, 373 U.S. 372, rehearing denied 374 U.S. 859, which equalized export rates from central territory to North Atlantic ports, various carriers sought to reduce their export rates on paper from five origins to Baltimore. Other carriers reacted by adding 44 other producing origins and publishing similar rates to New York and ports north. The carriers serving Baltimore then published rates from the additional 44 origins to Baltimore, Philadelphia, and Norfolk, Va.

Based on costs offered by the Baltimore carriers, which showed that the rates were compensatory to that port but not to New York, the Commission found that the rates were just and reasonable only to Baltimore. Costs to the other ports were based on territorial average costs or other costs not representative of the handling of export traffic. In our decision we noted that the *Boston & Maine* case, *supra*, was not authority for absolute equalization; the essential matter is the railroads' right to compete.

### INCREASED RATES

Reflecting the pressure of increased costs of operation, principally wages and salaries, which could not be offset entirely by improving efficiency, numerous requests for authority to apply general increases in freight rates were filed by the various modes. In May 1967, most of the railroads in the country filed petitions to increase rates intended to add about \$327 million annually to their revenues, and moved that they be permitted to effect such increases on an emergency basis. Increases estimated to produce about \$300 million were authorized on an interim basis, subject to further investigation. Tariffs increasing motor carrier rates in several territories were also permitted to become

effective. Freight forwarder, water carrier, and express rates also moved upward.

### *Motor Carriers*

Agreements between the carriers and labor retroactive to April 1, 1967, included increases in wages, health and welfare, pensions, and other fringe benefits. These increases brought forth general rate-increase proposals affecting all segments of traffic, but they fell more heavily upon small shipments. The first increase throughout a major ratemaking territory—the Middle West—was 5 percent on less-than-truckload rates, minimum charges, and accessorial services, and 3 percent on truckload and volume rates, effective June 28, 1967. Increase proposals in central territory, east-central territory, and southwestern territory followed. Except for the southwest proposal, all were permitted to become effective.

In Docket No. 34462, *Increased Class & Commodity Rates, Transcontinental*, 329 I.C.C. 420, we reconsidered our prior report, 326 I.C.C. 397, following remand by the district court. Here we discussed in detail why the evidence did not meet our requirements and affirmed the prior finding that a proposed 3-percent increase was not shown to be just and reasonable. In *Ringsby Truck Lines, Inc., et al., v. United States, et al.*, 263 F. Supp. 552 (D.C. Colo.), the district court vacated and set aside the Commission's order, from which an appeal has been taken to the U.S. Supreme Court. Another suit challenging the Commission's decision, *Ringsby Truck Lines, Inc., et al. v. United States, et al.*, Civil Action No. 67-C-97, D.C. Colo., has been filed and is now awaiting hearing.

In *Increased Rates, New England Territory*, 329 I.C.C. 244, we considered general increases in less-than-truckload and truckload rates and minimum and accessorial charges established by motor common carriers operating within New England and between that area and the New York-New Jersey metropolitan area. The increases ranged from 8.5 percent on less-than-truckload traffic and minimum charges to as little as 1 cent on certain traffic, with a maximum truckload increase of 4 cents. The increases became effective without suspension but were investigated. An order was entered requiring submission of certain information and supporting data. Statistics were offered for about 130 carriers, although 10 times that number participated in the increases. Again, it was found that the carriers did not offer the type of evidence required and thus had not shown the increases to be just and reasonable. The matter has been reopened for further hearing.

In *Increased LTL Class and Commodity Rates, Pacific Northwest*, 329 I.C.C. 1, motor common carriers operating between points in Oregon, Washington, and northern Idaho proposed a 7-percent rate increase on shipments of less than 1,000 pounds and a 50-cent increase in



the minimum charge per shipment. No increase was proposed on shipments weighing 1,000 pounds or more. As in several past revenue proceedings (including *General Increase—Middle Atlantic & New England Ter.*, 319 I.C.C. 168, and *General Increases—Transcontinental*, 319 I.C.C. 792), we found that the carriers did not comply with the order specifying the evidence expected. It was also noted that the carriers' operating ratios of 93.8 percent for the first 9 months of 1965, and 94.2 percent for the year ending September 30, 1965, did not indicate a critical need for increased revenues. The Commission's decision was challenged in *Consolidated Freightways, et al. v. United States, et al.*, Civil Action No. 6990, W.D. Wash., but subsequently the suit was dismissed on stipulation after interlocutory injunction was denied.

New criteria were developed for cost evidence in motor carrier general increase cases. This evidence will provide the Commission with better information for determining whether the increases are shown to be just and reasonable, especially in regard to small shipment traffic. The Commission announced the new criteria in a policy statement issued April 28, 1967. Orders implementing the new policy have been issued in Docket No. 34816, *Increased Minimum Charges Between Points in Central States*, and Docket No. I. & S. M-21099 and Sub 1, *Increased Minimum Charges New England Territory*.

### **Rail**

In ex parte No. 256, *Increased Freight Rates, 1967*, the Commission instituted an investigation into the reasonableness and lawfulness of the first general rail rate increase proposal in 6 years. On a record composed of many verified statements and protests and supplemented by 2 days of oral argument, we served our interim report on August 1, 1967, authorizing increases estimated to produce about \$300 million, but subject to further investigation and to tariff provisions offering refunds to shippers if the ultimate increases are not as great as those authorized on an interim basis.

### **Freight Forwarders**

Since forwarders utilize the services of rail and motor carriers for their underlying transportation, they are affected not only by increases in labor costs but also by increases in rail and motor rates. Schedules were filed and became effective July 17, 1967, increasing rates subject to a minimum weight of 10,000 pounds or more by 3 percent and all other rates, minimum and accessorial charges, by 5 percent.

### **Water Carriers**

Water carriers operating in the coastwise and intercoastal trade were authorized to file increases, to the extent proposed in rail petitions

filed with the Commission, such increases to be made effective on statutory notice. Special permission was granted domestic barge lines to publish a general increase averaging between 5 and 6 percent. Their application stated that the increase would be made effective no earlier than October 1, 1967.

### *Express*

Railway Express Agency, Inc., filed schedules increasing its rates by an average of about 4 percent, and they became effective as published on July 20, 1967.

## INVESTIGATION OF RATES

*Rates on Formerly Exempt Commodities*, 329 I.C.C. 61, culminated an investigation into the lawfulness of rates, regulations, and practices regarding the transportation of commodities which, before the 1958 amendment to section 203(b) (6) of the act had not been subject to economic regulation. These commodities are bananas, frozen fruits, berries, vegetables, cocoa and coffee beans, imported wool, and hemp. When carriers specializing in such transportation initially filed rates, numerous protests followed, and most of the schedules were placed under investigation although not suspended. On petition of the railroads, the present investigation was instituted. On the basis of traffic and cost data developed by our Cost Finding Section, it was concluded that the rates were generally compensatory except on coffee beans. Minimum reasonable rates were prescribed for this commodity. In addition, to the extent the respondents failed either to state separate charges for certain accessorial services or to provide for the inclusion of such services in their line-haul rates, they were found in violation of our tariff circular rules.

## CANCELLATION OF THROUGH ROUTES

In *Lake Cargo Coal, Ky., Va., and W. Va., to Ashtabula Harbor*, 329 I.C.C. 549, the Commission on reconsideration affirmed a prior finding that the Norfolk & Western's cancellation of through routes and joint rates with the Pennsylvania and New York Central on bituminous coal from Kentucky, Virginia, and West Virginia to Ashtabula Harbor, Ohio, was not shown to be just and reasonable. In considering the principal points raised by the Norfolk & Western, we concluded that section 15(7) of the act does empower us to suspend the operation of expiration dates because they are "new" regulations " \* \* \* affecting any rate, fare, or charge," and that the burden of proving that the resulting rates would not be unduly prejudicial was properly placed on the respondent.

## PREFERENCE, PREJUDICE, AND DISCRIMINATION

In *Silica Products Co., Inc. v. Gulf, M. & O.R. Co.*, 329 I.C.C. 181, rail rates on silica sand from Guion, Ark., to destinations in the

Southeast were attacked as unjust, unreasonable, and unduly prejudicial to the shipper and the origin, and unduly preferential of shippers and other origins in the Southeast. The rates were found not shown to exceed a maximum reasonable level. Since the defendants, however, did not establish the existence of different transportation conditions justifying lower rates from the preferred origins, the assailed rates were found unduly prejudicial in the one case and unduly preferential in the other. This finding gave the defendants the alternative of increasing the preferential rates or reducing the prejudicial rates.

The Commission found in *Big River Industries, Inc. v. Aberdeen & R.R. Co.*, 329 I.C.C. 539, that combinations of rates on clay or shale cinders from Erwinville, La., to points in southern territory were unjust, unreasonable, and unduly prejudicial and preferential to the extent they exceeded the level of rates applying within southern territory.

#### TANK CAR ALLOWANCES TO SHIPPERS

*Tank Car Allowances, Southern Ry. System*, 329 I.C.C. 466, stemmed from a proposal of the Southern Railway System to establish an increased allowance of 18 cents per loaded car-mile for the use of shipper-owned tank cars of a certain original value, with no allowance and no charge to be made for empty mileage. A slightly different proposal was made by competing southern carriers. The Association of American Railroads later published schedules providing in lieu of the existing uniform allowance of 5.5 cents per mile, loaded or empty, a scale of allowances based upon depreciated reproduction values of tank cars.

We approved multilevel allowances based on costs of ownership of specific tank cars and the elimination of allowances for empty miles, but we suggested that on the basis of a study then in progress the carriers should adjust the groupings to better reflect the range of cars in use. The carriers had 6 months to publish amended allowances, with a right to request postponement of the effective date. The same allowances were required for shipper-leased as well as shipper-owned cars.

#### TRANSIT RULES AND REGULATIONS

We instituted an investigation into rules governing the partial loading and unloading of truckload and volume shipments by motor common and contract carriers to, from, and within southern territory in *Stopping-In-Transit Rules & Charges Btw. Southern Terr.*, 329 I.C.C. 353.

On petition of the Southern Motor Carriers' Rate Conference, Inc., the conference proposed the adoption of uniform rules similar to those



it published but which were riddled with exceptions and changes published by individual carriers. We found that competitive need dictated the individual exceptions and that, except for rules which permitted both partial loading and unloading of the same shipment under circumstances which amounted to according less-than-truckload shipments the benefit of truckload rates, the present rules were not shown to be unlawful. The proposed rules were found not shown to be just and reasonable.

### HOUSEHOLD GOODS CARRIERS

On petition of the National Industrial Traffic League, we reopened for reconsideration *Agreement Relating to Household Goods Carriers' Bureau*, 277 I.C.C. 443, and *Independent Movers & Warehousemen's Assn.—Agreement*, 292 I.C.C. 407, dealing with agreements for the joint consideration of rates, rules, and regulations concerning the transportation of household goods. The League sought termination of our approval of the agreements, unless they were amended to provide public notice and an opportunity to participate in the consideration of such proposals to shippers and other interested parties. Both the bureau and the association filed proposed amendments. In *Household Goods Carriers' Bureau—Agreement*, 329 I.C.C. 258, which also embraced the second proceeding, we found that the agreements as proposed to be amended did not provide adequate notice procedures, but the record was held open to afford an opportunity for further amendment.

### COAL RATES—UNREASONABLE PRACTICE

In *Coal, Ky., Tenn. and Va. to North Carolina*, 329 I.C.C. 572, the practice of the Louisville & Nashville, the Chesapeake & Ohio, and the Carolina, Clinchfield & Ohio railroads in refusing to participate with the Southern Railway System in joint rates on bituminous coal, restricted to the use of cars having a minimum capacity of 70 tons, and the lawfulness of such rates were in issue. The Southern had established reduced rates restricted to such cars from mines on its lines to Skyland, N.C., to supplant natural gas as the fuel for the generation of electricity at that point. It offered to join with connecting lines in establishing the same rates from mines located on the latter lines, but they declined to accept the restriction on the size of cars.

In an investigation proceeding and a complaint proceeding, separately heard to preserve the rights of the parties in procedural matters but decided at the same time, the Southern's rates were found just and reasonable, and the failure of the other carriers to join in the restricted rates was found to be an unjust and unreasonable practice under section 1(6) of the act. Each of the carriers had an adequate

supply of 70-ton cars, and their use was more economical and produced a substantially higher return than would cars of lesser capacity. In the circumstances, failure to participate in the rates restricted the free movement of coal. A petition for reconsideration is pending.

## COSTS IN RATEMAKING AND REGULATION

### *Aggregate Pickup—Motor*

A new procedure was implemented in cost-finding work to place in better perspective the cost of picking up a given weight as a single shipment versus the cost of picking up the same weight as a combination of several small shipments. In this procedure, the accumulation of data from our motor carrier special study form 4 was changed to allow a special tabulation of the data applicable to the stops where more than one shipment is picked up. These data are then processed through highway form A to measure the difference in the cost of pickups at stops having more than one shipment. Form 4 may also be revised to provide for earmarking multiple shipment stops where the freight picked up is moving under aggregate rates.

### *Sampling Programs*

In connection with Docket No. 34540, *Motor Carrier Probability Sampling Studies*, three programs were in progress at the end of the fiscal year. The 1966 sample data for form 2 of highway form A were received from motor carriers in the Pacific, Rocky Mountain, and trans-continental territories, and are being processed. The 1967 sample plans for forms 2, 4, 7, and 10 are in effect in the south-intra, east-south, south-central, and Middle Atlantic territories. These plans are now being implemented with appropriate sample controls and field audit. The 1968 sample plans for forms 4, 7, and 10 are being improved and, together with the form 2 sample, will go into effect next year in the central, east-central, Southwest, and Midwest territories.

The railroad freight station, zone office, and general office sample study for the East, South, and West territories mentioned in our 80th Annual Report, is now being implemented according to plan.

To improve the railroad office and station sample studies, a random time sample test is being made with the cooperation of a number of railroads. This sample plan, when properly conducted and implemented, will yield more precise cost data than the present plan. It can also be used by the railroads for their own cost control work.

### *Cost Seminars*

Cost seminars are held annually in cities in various motor carrier rate territories for the immediate purpose of explaining cost methods and the new probability sampling techniques designed to collect better

cost data. Over a period of years these seminars should assist the transportation industry in presenting better cost evidence before the Commission. These seminars are attended by carrier representatives and shipper and State public utility commission representatives, and emphasize probability sampling procedures and how they are applied to obtain data about traffic and terminal operations needed by the Commission. During the past year, seminars were held in New York City, Philadelphia, Charlotte, and Atlanta with a total attendance of about 450. Similar seminars are scheduled for Midwestern cities during the fall of 1967 to explain the 1968 program.

### *Docket No. 34013*

This proceeding, *Rules To Govern the Assembling and Presenting of Cost Evidence*, was instituted on the Commission's own motion in 1962. A hearing examiner's report and order served in October 1966 recommended that:

(1) The cost formulas devised, published, recommended, and used by its Bureau of Accounts should not be approved by the Commission.

(2) Out-of-pocket and fully distributed costs as used by the Commission should be reconstituted and renamed.

(3) A technical task force under the auspices of either the Commission or the Department of Transportation should be established to develop cost formulas in conformity with principles expounded in the examiner's report.

Exceptions were filed to the examiner's recommendations, and a final disposition of this proceeding had not been made by the end of the fiscal year.

### *Rail Burden Study*

The Bureau of Accounts issued statement No. 1-67, "*Procedures for Developing Rail Revenue Contribution by Commodity and Territory—Year 1964*," a newly designed publication in the series of rail burden studies. These studies reflect the results of applying carload unit costs to the 1-percent waybill sample of carload traffic submitted to the Commission by class I railroads. The studies show the revenue contribution for the territorial transportation of individual commodities.

In 1964, a new commodity classification for reporting purposes went into effect, and the format of the burden study was changed. Carload unit freight costs and the carload freight 1-percent waybill sample data are now included in the report. Detailed explanations in statement No. 1-67 enable users to make their own calculations of revenue contribution for the various territorial movements of each commodity shown.

The term "revenue contribution" refers to the amount by which carload revenues resulting from the rate structure exceeded or failed to meet the out-of-pocket costs. Revenue contribution is a function of



costs, rates, and volume, and reflects not only cost factors but also the influence of derived demand for transportation, a value-of-service factor which is independent of direct cost.

### PIGGYBACK AND CONTAINERIZATION

Continuation of the growth of piggyback service (trailer-on-flat-car—TOFC) is shown by a 1965–66 increase in carloadings of 12.4 percent, to 1,163,000, as reported by the Association of American Railroads, and of 17.7 percent in trailer terminations to 1,686,000 <sup>p</sup> in 1966 as reported by class I railroads to the Commission under the order in Docket No. 34364, *Piggyback Traffic Statistics*. From 1965 to 1966 piggyback units handled by class I motor carriers increased 5.7 percent to 346,000 <sup>p</sup> and those originated by class A freight forwarders 23.4 percent to 201,000 <sup>p</sup>. Similar water-carrier movements subject to Commission jurisdiction, principally in containers in coastwise or inter-coastal trade, increased 14.7 percent to 80,500 units.

During the year, the Commission released a Bureau of Economics study, *Piggyback Traffic Characteristics* (1963–65). Waybill data for 1963 showed that about 86 percent of all piggyback waybills were for movements within a single territory, either Official, Southern, or Western, and that average hauls tended to fall in a 700–800-mile range, with plan IV <sup>1</sup> showing averages of approximately 1,900 miles either per car or per ton, and about 1,800 miles per trailer. In the same year, 10 States accounted for approximately two-thirds of terminated piggyback movements by waybills or trailers, and the same States for a somewhat greater portion of originations.

For class I motor carriers, 270, or about a 6.3-percent increase over 1965, had either rail or water piggyback operations, the great majority having rail piggyback operations in plans I and V. For class A freight forwarders, plan III dominated in 1965 and 1966, accounting for more than half the forwarder trailers or containers originated in either year. Plan IV showed a 20-percent 1965 to 1966 increase in terminations, greater than the 1964 to 1965 percentage increase. In 1964 and 1965, plan IV forwarder payments to railroads constituted 54 and 47 percent, respectively, of forwarder piggyback payments to railroads. For water carriers, plan V-type movements, coordinated with motor carriers, made up 55, 54, and 57 percent of units handled in 1964, 1965, and 1966 respectively. More than nine-tenths of water carrier movements were billed as unit loads; the remainder were consolidated shipments.

<sup>p</sup> Preliminary.

<sup>1</sup> Plan I is railroad movement of motor carrier trailers or containers, with motor carrier rates or billing of traffic; plan II is a complete railroad door-to-door service; plan III is ramp-to-ramp rail movement of trailers or containers owned or leased by freight forwarders or shippers; plan IV is ramp-to-ramp movement of cars as well as trailers or containers provided by freight forwarders or shippers; and plan V is a coordinated motor-rail service with either mode billing the traffic.

Container movements showed numerical increases from 1964 to 1966 for railroads, motor carriers, and freight forwarders, and constituted more than 80 percent of water carrier movements in both years.

In May 1967, the Supreme Court in *American Trucking Assns., Inc., v. Atchison, T. & S. F. Ry. Co.*, 387 U.S. 397, upheld the so-called "open tariff" rule. This rule requires piggyback services offered in open-tariff publications to be made available to motor or water carriers for any part of their authorized transportation service, as prescribed by the Commission in *Substituted Service—Piggyback*, 322 I.C.C. 301 (1964).

### *Rules Regarding Piggyback Vehicles*

Following suspension of proposed new provisions by southwestern railroads regarding the loading and unloading of merchandise on and off trailers, and the detention of trailers in connection with plan II piggyback service, the Commission instituted investigations of the carriers' present rules, as well as corresponding rules of other carriers in other territories. Rules which provided that the line-haul rates included the loading and unloading service of one man per vehicle when they could be performed by one man, and that additional men would be provided at additional charges or with reduced free time, subject to shipper or consignee direction, were found to be vague, indefinite, and contrary to rule 10(a) of the Commission's tariff circular rules and to section 6 of the act. Other rules which stated that the services of one man were included in the line-haul rates, and that additional labor would be provided on request at an extra charge, were found clear, just, and reasonable. *Detention of Vehicles & Loading & Unloading Provisions*, 329 I.C.C. 220.

## SECTION 4

### *Docket 34254*

Section 4 of the Interstate Commerce Act embodies the principle that it is unreasonable to charge more for transportation of passengers or of like kind of property for a shorter than for a longer distance, over the same line or route, where the shorter is included in the longer distance, or to charge more as a through rate than the aggregate-of-intermediate rates. The first provision, the so-called long-and-short-haul clause, poses important questions for the Commission.

Section 4 applies directly only to rail and water transportation; no comparable provisions are found in part II of the act governing motor carriers nor in part IV governing freight forwarders. A basic issue discussed in the last annual report was centered in Docket No. 34254,<sup>2</sup> *Application of Section 4 Requirements to Joint Motor-Rail Rates Established Under Section 216(c)*. This proceeding pertained to a

<sup>2</sup> Embraces I. & S. Docket No. 7956, Petroleum TOFC, Sewaren, N.J., to Zionville, Ind.



petition of the New York Central Railroad Co., seeking a declaratory order to determine (1) whether motor-rail or motor-rail-motor rates are subject to the provisions of section 4, and (2) whether the services performed in connection with plan II and plan V trailer-on-flatcar rates differ to such an extent that there would be no violation of the fourth section.

A majority of the Commission found that joint rail-motor or motor-rail-motor rates are subject to section 4. The majority also found that maintenance of higher plan II rates at intermediate points with lower plan V rates at more distant points, over the same line or route, contravenes section 4 of the act.

As a result of civil action No. 1484-66, *New York Central R.R. Co., et al. v. United States, et al.*, in the U.S. District Court for the Southern District of New York, the Commission, by order dated May 24, 1966, postponed the effective date of its report and order in Docket 34254.

On April 28, 1967, a three-judge court concluded that motor-rail or motor-rail-motor rates are not subject to the provisions of section 4. As a result, the court stated that there was no necessity to make a determination with respect to the question of whether the services performed under plan II and plan V rates differ to such an extent that no fourth-section violation would result.

A related issue was involved in *Oil Country Iron or Steel Pipe, Midwest to Okla. & Tex.*, Docket No. 34238, 326 I.C.C. 511, decided, April 5, 1966.<sup>3</sup> In this proceeding the Commission was asked to determine whether or not section 4 applied to joint rail-motor rates on wrought iron or steel oil country tubular goods from points in Illinois, Ohio, Pennsylvania, West Virginia, and Wisconsin to points in Oklahoma and Texas. A majority of the Commission found that the joint rail-motor rates were subject to section 4 and authorized appropriate fourth-section relief.

On August 4, 1967, however, a majority of the Commission voted not to appeal the court decision in Docket No. 34254, and to reopen Docket No. 34238 for further reconsideration on the present record.

#### *General Fourth-Section Relief*

In 1958, in fourth section application No. 33656, the railroads operating east of the Rocky Mountains were granted general relief from the prohibition against charging more for a shorter than for a longer distance over the same route whenever the departures were due to grouping of points, to routing, and to the application of weak-line or short-line arbitraries in connection with commodity distance-scale rates

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<sup>3</sup> Embraces No. 34319, *Waterways Freight Bureau, et al., v. St. Louis-San Francisco Railway Company, et al.*, and Fourth Section Applications Nos. 38170 and 38182, *Oil Country Tubular Goods to Oklahoma and Texas*, and No. 38621, *Oil Country Tubular Goods—Carnegie, Pa. to Okla. and Texas*.

and point-to-point commodity rates based on distance scales. The rates covered all commodities in the uniform freight classification, and the relief applied when the rates returned minimum revenue no lower than the charges on 30,000 pounds at the corresponding Docket No. 28300 (uniform) class-20 rates.

On petition of the Chicago Board of Trade, the proceeding was reopened for reconsideration and reargument. In *Commodity Rates East of the Rocky Mountain*, 329 I.C.C. 212, the outstanding order was modified to provide that this proceeding would be automatically reopened whenever rates established under the order are contested, with the burden of proof on the proponent of the rates.

## PASSENGERS

### *Railroad*

With apparent financial necessity as mother of transportation inventiveness, several fare innovations and reductions were attempted in the past year. To compete with the airlines whose patrons already enjoy this feature, the tariffs of eastern, western, and southern railroads now permit a travel agency escort to accompany groups of 15 or more persons paying full fares without any charge for the escort.

As an additional stimulus to secure travel agency business, eastern and western railroads provided in their tariffs that employees of travel agents who undertake familiarization, educational, or travel development trips by rail, will be required to pay only 25 percent of the regular fare. There are, of course, certain limitations—only salaried employees are eligible; each agency location will be limited to 12 trips per year; only one journey per employee during the year; and proper certification must be made by the employer to the railroad.

In emulation of the success of its corporate parent, the Canadian National Railways, the Grand Trunk Lines instituted “red,” “white,” and “blue” fares, with the color chart indicating different days of travel. The “blue” fares are the highest, valid for any day, the “white” and the “red” fares are lower, but limited to certain days of the week. This offer represents an attempt to secure a greater return on investment based upon a maximum utilization of equipment.

In the fall of 1966 an experimental reduction in coach fares was tried by three western roads on the “California Zephyr” between Midwest points and San Francisco, Calif. The fares became effective September 15, and carried an expiration date of November 20. Since the expiration was permitted to become effective, the reductions apparently failed to attract enough travelers from competing forms of transportation.

### *Motor*

Major bus operators established for a 3-month period (November 1966 to January 1967, inclusive) reduced round-trip fares between

points in the United States at 150 percent of the sum of two one-way fares, for journeys limited to 1 month, when the adult fare was \$25 or more. This pricing policy represented a considerable decrease from the regular round-trip fares, good for 1 year, and computed at 180 percent of the sum of two one-way fares. The reduced fares were withdrawn, however, effective February 1, 1967.

### REPARATION

The Commission's notice of December 17, 1965, restored for motor carriers and initiated for freight forwarders an informal procedure by which this agency could, in meritorious cases, authorize the payment of reparation to shippers who had been damaged by the exaction of applicable rates exceeding a maximum reasonable level.

We denied the carriers' challenge to this type of adjustment in ex parte No. 249, *In the Matter of Informal Procedure for Motor Carrier and Freight Forwarder Reparation*, by our order of June 3, 1966. Carrier interests then appealed to the U.S. District Court for the District of Columbia in *National Motor Freight Traffic Association, Inc., et al. v. United States of America and Interstate Commerce Commission*, 268 F. Supp. 90. In that action, the court, on May 15, 1967, reversed and set aside the Commission's order, holding that the informal procedure instituted by the Commission violated section 4 of the Administrative Procedure Act. Thereupon, the Commission instituted a rulemaking proceeding in compliance with the provisions of section 4.

### TARIFFS

#### *Program by Rail Carriers To Discontinue Carrier-Issued Tariffs*

The railroads in the East and South continued to develop programs for transferring all their rates, rules, and regulations from tariffs of individual railroads to those of tariff-publishing agents. The transfer is being delayed by a shortage of experienced tariff compilers.

#### *Freight Forwarders*

A significant change in the basing of tariffs of freight forwarders took place during the year. Class rates had been predicated on ratings assigned commodities in the Uniform Freight Classification, a classification of the railroads. Forwarders, however, changed the basis to that of the National Motor Freight Classification, a classification of the motor carriers.

#### *Seatrain Lines—Rate and Tariff Discontinuances*

On November 9, 1966, Seatrain Lines, Inc., which operated the vessels *Seatrain Georgia* and *Seatrain Louisiana* used in coastwise trade weekly between North Atlantic and Gulf Ports, carrying railroad



cars and containers, announced the temporary suspension of all service. This suspension followed the contracting of the vessels and service to the Military Sea Transportation Service for the carriage of critical materials to the Armed Forces. The last sailings were the October 28 southbound sailing of *Seatrain Georgia* and the November 4 northbound sailing of the same vessel.



## OPERATING RIGHTS AND FACILITIES

Technological advancements demand increased transportation services and at the same time they help provide the means to satisfy that demand. Public and private transportation requirements are met by the institution of new services or by extensions, realignments, or consolidations of the old ones. Regulation by the Commission within the framework of the Interstate Commerce Act and related acts provides for entry into the transportation systems and the provision of new services and facilities to insure the existence of an adequate and responsive network to meet our Nation's needs.

### *Highlights*

- The Department of Transportation took over jurisdiction of the promulgation and enforcement of safety regulations for motor carriers.

- Processing of irregular- to regular-route conversion applications under special rules was substantially completed.

- Initial report served in rulemaking proceedings on use of new Interstate Highway System by regular-route motor passenger and property carriers.

- Operations of heavy haulers were reviewed and a new delineation of scope of authorities of such carriers was set forth.

- Following judicial directive, agricultural cooperatives were enabled to transport for nonmembers such non-farm-related traffic as is "incidental and necessary" to the effective performance of their main farm-related activities, but the Congress was urged to enact remedial legislation.

- Although rail merger activity was fast-paced at the Commission and in the courts, only one large-scale merger occurred during the year—the Seaboard Coast Line Railroad, originally approved by ICC in 1963.

- Passenger-discontinuance applications involved 153 trains. During the year, the Commission permitted the dropping of 36 trains.

- Three small railroads were permitted to abandon all operations. Two new lines were authorized to begin construction.

## OPERATING RIGHTS

### *Interstate Highways*

In the interstate highway case, an examiner's report and recommended order provided a plan for orderly changeover by numerous

regular-route motor carriers to routes over the Interstate Highway System, without the necessity of full-scale formal proceedings in each individual case. The initial proceedings had been instituted March 30, 1965, in ex parte No. MC-65, *Motor Service on Interstate Highways—Passengers*, and in ex parte No. MC-65 (Sub-No. 2), *Motor Service on Interstate Highways—Property*. Regular-route carriers may now utilize the completed portions of the Interstate Highway System by applying for authority to do so under our deviation rules.

The Commission instituted these proceedings to consider the system's effect on the operations of for-hire carriers operating over regular routes, and on the transportation requirements of points and persons presently served by these carriers. Also to be considered were the circumstances and the most efficient manner in which certificates of public convenience and necessity might be issued for operation over the system.

A prehearing conference was held in both proceedings, and an order was later issued setting forth the procedures to be followed. Verified statements were submitted by interested parties, including individual motor carriers, leading trade associations representing motor carrier, rail carrier, and freight forwarder industries, and the U.S. Department of Commerce.

Exceptions to the examiner's recommended report and order were filed by trade associations, a shipper organization, and the U.S. Department of Transportation as successor-in-interest to the Department of Commerce. The proceeding is under active consideration by the Commission.

#### *Long-Haul General Commodity Motor Carrier Applications*

The application proceeding, *Braswell Freight Lines, Inc., Extension—Atlanta*, 100 M.C.C. 482, referred to in our 80th Annual Report as an example of an increasing number of proposals to perform extensive single-line service over regular routes in the transportation of general commodities, was again referred back to the Commission by the Federal district court. The Commission twice considered the matter and twice granted the application. The latest court order enjoins the Commission from issuing a certificate. *Dixie Highway Express v. United States, et. al.*, civil action No. 1273, S.D. Miss. An appeal has been taken to the Supreme Court.

Consolidated hearing on 10 other applications of a similar type concluded in August 1967, after 149 days of hearing sessions.

#### *Ancillary Service*

As noted in the last annual report, two proposals for ancillary services in addition to line-haul transportation were remanded to the Commission by the courts. In each of these cases, *H. Messick, Inc.*,

*Extension—Explosives*, 102 M.C.C. 492 and *Griffin Mobile Home Transporting Company Contr. Car. Applic.*, 103 M.C.C. 482, the Commission reconsidered its prior decision and set forth standards to distinguish between a shipper's transportation and nontransportation needs. These standards require that the proposed service be necessary and incidental to the line-haul movement of the shipper's goods. Thus, a proposed 14-day trailer retention service (*Messick*), and services including blocking, connecting plumbing, and expanding certain "expando" trailers at destination (*Griffin*) were found to be within the standard of bona fide transportation service and were considered as a facet of shipper's needs relative to the application of the contract carrier criteria of section 209(b) of the act. Second judicial appeals filed in both the *Messick* and *Griffin* proceedings are now pending. They are, respectively, *Baggett Transportation Co. v. United States, et al.*, civil action No. 67-153, N.D. Ala., and *National Trailer Convoy, Inc., et al. v. United States, et al.*, civil action No. 67-C-150, N.D. Okla.

#### ***Motor Contract Carriers***

To operate as a motor contract carrier, the carrier must confine its services to "one person or a limited number of persons." What is contemplated by this provision in the definition of a motor contract carrier under section 203(a) (15) of the act has been a controversial question ever since the provision was added by 1957 amendments. The matter is again under consideration in No. MC-17745 (Sub-No. 5), *Contractors Cargo Company—Extension of Operations*, and it is expected that a decision providing helpful guidelines will be made soon.

#### ***Irregular to Regular-Route Conversion Applications***

About two-thirds of 155 applications filed under the provisions of No. MC-C-4366, *Special Rules of Procedure Governing Conversion of Irregular-Route to Regular-Route Motor Carrier Operations* (49 C.F.R. 102a) were processed to the stage of an initial report and recommended order in fiscal 1966. These rules were adopted to resolve difficulties encountered in distinguishing between irregular-route and regular-route service, and to make temporarily available a simplified procedure to enable carriers to bring their operations into harmony with such distinctions. An initial report and order was served by the end of this fiscal year on all but two of the applications and more than 120 were finally determined. The remainder are pending on exceptions.

The route conversion applications have been among the most complex proceedings on the Commission's docket. Many of them involved hundreds of routes, with frequent duplications, forming complicated route networks with numerous intermediate and off-route points. Considerable difficulty was often encountered in devising appropri-



ate service restrictions to guard against an award of additional territorial or commodity rights. Some delays in disposition arose because of incomplete or haphazard evidentiary presentations by the parties, but all except three of the proceedings were handled without oral hearing. A majority of the initial decisions were accepted by the parties, making further consideration unnecessary.

### *Truckload Lot Restrictions*

As noted in our 80th Annual Report, a proceeding was instituted by the Commission in ex parte No. MC-68 to determine whether a need exists for the removal of "truckload lot" restrictions from certificates of public convenience and necessity issued pursuant to section 206 or section 207 of the act. Numerous statements both in favor of and in opposition to removal of the restriction were received. Parties submitting statements included many of the more than 250 respondents named in the Commission's order instituting the proceeding, other motor carriers, shippers, associations of carriers, and the U.S. Department of Commerce. Novel issues were raised in some of the representations, and some of the parties challenged the Commission's statutory authority to order removal of truckload lot restrictions. The matter now is pending.

### *Motor Carrier Temporary Authorities*

When a nationwide survey in early April 1967, revealed that most major motor carriers of general commodities were no longer in operation due to work stoppages, the Commission issued a formal authorization (general temporary order No. 3) permitting Commission field offices to certify the need for on-the-spot grants to applicants of emergency temporary authority to transport property or passengers by motor vehicle. All offices were directed to provide special assistance to shippers, carriers, and the general public.

### *Aerospace Industry*

The term "aircraft" as used in operating authorities of motor carriers serving the aerospace industry is employed by shippers and carriers to describe all varieties of flight craft being developed, manufactured, and shipped. In accord with a Commission decision, which found that "missiles" are distinct from "aircraft" for operating rights purposes, a motor carrier sought authority to transport "missiles, spacecraft, and satellites" to supplement its existing "aircraft" authority and assure continuation of a complete service to its shippers.

In this case, *U.S.A.C. Transport, Inc., Extension—Missiles*, 103 M.C.C. 23, the Commission concluded that the applicant's needed service should be provided under a commodity description which afforded a useful yardstick for determining such items. The Commission therefore selected the term "aerospace craft" to describe all



products manufactured and shipped by the aerospace industry which operate within or beyond the earth's atmosphere. It was determined that this description would be sufficiently flexible to accommodate new products and technological improvements, and would be susceptible to workable, day-to-day application.

#### *Unauthorized Motor Carrier Operations*

The line of demarcation between private and for-hire carriage continues to present substantial regulatory problems. In *Keller Industries, Inc.—Declaratory Order*, 103 M.C.C. 520, a proceeding designated as one of general transportation importance, division 1 examined an arrangement by numerous shippers under joint venture agreements in which leased motor vehicles were utilized outbound in the transportation of freight of one shipper and inbound in the movement of products of other shippers. It was found that the arrangement, while bearing many characteristics of private carriage, constituted, under the test of "substance" set forth in *United States v. Drum*, 368 U.S. 370, for-hire carriage by the shippers for each other. The majority said that each shipper had divested itself not only of many standard transportation burdens, but also of the risk of a nonproductive backhaul. It was in such mutual divestiture that the shippers received compensation, thus making the operation a for-hire carriage. The proceeding is pending on petition before the entire Commission; and oral argument was held on June 28, 1967.

Section 402(c) (1) of the act exempts from regulation groups or associations of shippers which consolidate and distribute freight for their members on a nonprofit basis. Although the general standards applicable to such activities were set forth in *Atlanta Shippers Assn., Inc.—Investigation*, 322 I.C.C. 273, the Commission reserved for later consideration the question of the legality of the practice in which a bona fide shippers' association coloads its traffic on the same railcar with traffic of another shipper or association of shippers to secure the benefit of volume rates. This issue, determined to be one of general transportation importance, is presented in MC-C-3193 (Sub-No. 7), *Natl. Motor Frt. Traf. Assn., Inc. v. Columbia Shippers Assn.*, which has been reopened by the Commission for reconsideration.

In interpreting the exemption from economic regulation which section 203(b) (5) accords agricultural cooperative associations, the entire Commission found in *Agricultural Transp. Assn. of Tex. Investigation*, 102 M.C.C. 527, that a purportedly "exempt" agricultural cooperative association was formed and initially controlled by non-farmers to perpetuate the transportation activities of another association found to be illegal in *Machinery Haulers Assn. v. Agricultural Commodity Serv.*, 86 M.C.C. 5. Since there was no lessening of control by the founders and no assumption of control by the farmer member-

ship, the association did not meet the basic statutory requirement that it be governed by producers of agricultural commodities. It was noted that packinghouses and food processors cannot be considered to be farmers unless they exercise a sufficient degree of control, and assume the risk of loss, in the production and shipment of "farm products." It was found that the respondent association did more business with nonmembers than it did with members and therefore failed to qualify as a lawful cooperative association. An appeal was filed in *Agricultural Transportation Association of Texas v. United States, et al.*, civil action No. 4-756, Western District of Texas. The court action has been briefed and argued and is awaiting decision.

The decision in No. MC-C-3876, *Cache Valley Dairy Assn. Investigation of Operation*, 103 M.C.C. 798 (decided Apr. 12, 1967), was the first in which the "incidental and necessary test" established by the courts in *Northwest Agricultural Coop. Assn., v. Interstate Commerce Commission*, 350 F.2d 252 (9th Cir. 1965), *cert denied*, 382 U.S. 1011 (1966), was found to be controlling of the issues presented.

In this case it was found that Cache Valley Dairy Association is a farmer-owned and farmer-controlled cooperative association within the meaning of the Agricultural Marketing Act, in that (1) its members, each having but one vote, are producers of milk and other dairy products, (2) all of its officers and directors are dairy farmers, (3) all of the products marketed by the association are for its members who receive all of the proceeds after the payment of the costs of processing and sale, and (4) the amount of business transacted with nonmembers accounts for only 2.3 percent of its total revenues.

Respondent's past transportation of non-farm-related traffic for nonmembers was found to be "incidental and necessary" to the effective performance of its primary farm-related functions and thus exempt from economic regulation. The evidence established that the respondent association transported 447 loads of non-farm-related traffic for nonmembers as backhauls during a 14-month period in 1961 and 1962. This traffic accounted for nearly 25 percent of the total tonnage transported by the association and for approximately 2.3 percent of its total revenues (\$165,000 out of a total of \$7,138,000). Such non-farm-related backhaul motor transportation thus represented but a minor part of the cooperative's total business, and was engaged in only to reduce the association's costs of marketing its dairy products. Moreover, all or most of the transportation was performed in two-decker trailers which required a backhaul for their successful operation.

The investigation was discontinued, but the Commission noted that the original legislative concept contemplated an agricultural cooperative as one transacting for nonmembers only that kind of farm-related business which it transacted for its members; and that in enacting the

so-called "agricultural cooperative" exemption, the Congress could not reasonably have intended to place such cooperatives in direct competition with the regulated carrier industry for traffic which Cache Valley was shown to be transporting; i.e., beer from a brewery to a beer distributor, steel from a manufacturer to its own warehouse or wholesale distributor, and lumber from a mill to a manufacturer of mobile homes. Petitions are now pending.

The Commission has asked Congress for a clarification of the agricultural cooperative exemption (see p. 96).

### *Household Goods*

In our last annual report, we noted that various facets of the operations and practices of both freight forwarders of used household goods operating under the exemption of section 402(b) (2), and of local motor carriers serving these forwarders were under active consideration, after oral argument, in No. MC-C-4455, *Kingpak, Inc., Investigation of Operations*. In the report issued in that proceeding, 103 I.C.C. 318, the Commission found that if those forwarding used household goods, including both independent entrepreneurs and certificated motor carriers, met certain criteria their operation would fall within the section 402(b) (2) exemption. It was further found that local motor carriers serving these exempt forwarders by providing pickup, delivery, and local transportation require appropriate motor carrier authority. In view of the past service rendered by the local carriers and the mounting Commission caseload, it was decided that most of the several hundred application proceedings for such authority could be handled more expeditiously under our rules for modified procedure. An action entitled *Household Goods Carriers Bureau, et al. v. United States, et al.*, civil action No. 47646, W.D. Calif., has been filed attacking the Commission's order in this proceeding.

A number of applications for freight forwarding permits to handle household goods with other commodities, presenting other questions as to the scope of the section 402(b) (2) exemption, are also pending. These were necessarily held in abeyance pending the determination in the *Kingpak* case.

In *Burnham Van Service, Inc., Extension—Hawaii*, 103 M.C.C. 372, division 1 found that while motor carriers of household goods operating solely in Hawaii were exempted from regulation by section 204(a) (4a) of the act, those operating in the continental States with Hawaiian agents as well as those Hawaiian carriers affiliated with carriers operating in the continental States were not within the exemption and required authority. The division concluded that a grant of such authority to the multiple applicants involved was warranted.



*Brokers of Motor Carrier Transportation*

In No. MC-C-4583, *Allied Bus Corp. v. Goldman*, 103 M.C.C. 559, division 1 considered the scope of a broker's license. The principle was reiterated that a broker may not perform service at a point not authorized by his license nor may he establish a division or agent to act for him at such a point. The decision explained that implicit in *Paragon Travel Agency, Inc., Ext.—Mass., and R.I.*, 100 M.C.C. 641, is the understanding that the advertising, soliciting, and distributing activities of a broker must be done in such a manner that the public will know that the actual arrangements and sale of transportation must be made by the broker at the point or points named in his license.

*Commercial Zone Exemption*

The Commission considered two major proceedings involving transportation in foreign commerce in which the applicability of section 203(b) (8) of the act, the local cartage exemption, was in issue. In *G. Arredondo Transfer Co., Inc.—Investigation*, 103 M.C.C. 210, the transportation consisted of movements by local American and Mexican motor operators from the warehouses of customs brokers at Laredo, Tex., across the border to Nuevo Laredo, Mexico. This traffic originated at interior American points and was transported to Laredo by American line-haul carriers. At Nuevo Laredo, the shipments were transferred to Mexican line-haul carriers for movement to ultimate destination.

Division 1 found that Laredo and Nuevo Laredo were contiguous municipalities within the meaning of the section 203(b) (8) exemption, but further concluded that the transportation in question was performed under a common arrangement between carriers for continuous through movement. This factor brought such transportation within the exception to the exemption requiring appropriate authority. The conclusion was based on a finding that the operations of the customs brokers were those of "common carriers at common law." This proceeding was reopened and was the subject of oral argument by the Commission. Subsequent thereto, the matter was assigned for further hearing, which was held in July 1967.

Passenger operations between Hidalgo, Tex., and Reynosa, Mexico, were found to be subject to regulation and not exempt under section 203(b) (8) in *Rio Grande Bridge System—Petition for Exemption*, 103 M.C.C. 174. In this case, it was found that, although these municipalities were on opposite sides of the Rio Grande River and the presence of the river made no difference, Mexican Government ownership of a strip of land along the river on the Mexican side precluded a finding that the two communities had a common border necessary to establish the requisite contiguity under the statutory exemption.



*Heavy Hauler Operations*

Two significant cases were decided in the heavy hauler field, that is, operations by carriers transporting unusually heavy or cumbersome commodities. In *Moss Trucking Co., Inc., Investigation of Operations*, 103 M.C.C. 91, prior decisions in three proceedings were reconsidered by the Commission. All three dealt with the interpretation of the description, "commodities the transportation of which because of size or weight requires the use of special equipment." One of the proceedings was on remand from an adverse court decision in *Aero Trucking, Inc. v. United States* (W.D. Pa., 1966). The Commission concluded that prior decisions in the heavy hauling field had placed too rigid a construction upon the word "requires." In the future, consideration must be given to the practices of the shipping industry in determining whether the transportation of a commodity "requires" the use of special equipment. In so doing, the question of whether manual handling is "reasonably practical" as opposed to being "possible" will be of particular significance. It was noted, however, that modifications in shipper loading and unloading practices solely for the purpose of circumventing limitations upon operating authorities will be disregarded. Petitions for reconsideration of this decision were denied, but additional petitions for reopening have been filed.

In *Ashworth Transfer, Inc., Ext.—15,000 Lb. Articles*, 103 M.C.C. 404, 60 applications seeking authority to transport commodities, each weighing 15,000 pounds or more, self-propelled or not, and not requiring special equipment, were decided in a consolidated proceeding. Applicants had previously transported such commodities under the Commission's 15,000-pound test, an interpretive rule which allowed heavy haulers to transport single-unit items weighing 15,000 pounds or over, regardless of other considerations. This test, however, was found invalid in *United Transports, Inc. v. United States*, 214 F. Supp. 34, prompting applicants to seek additional authority. Division 1 granted all but one of the applications, largely affirming the hearing examiner's recommendations, except in one respect. The examiner noted that applicants had performed only very limited operations in the transportation of motor vehicles and that an abundance of service existed for the movement of such commodities. He concluded that motor vehicle haulers should be protected by a restriction against the movement of motor vehicles designed for the transportation of persons or property over the highways, where such vehicles were capable of being loaded and unloaded under their own power. The division, however, reversed this finding, stating that the comparatively limited truckaway operations of the motor vehicle haulers in transporting 15,000-pound vehicles were not sufficient to offset the need for the continuance of the applicants' past operations in moving such traffic.

*Revocation of Water Carrier Authorities*

At the end of the previous fiscal year, consideration was being given to the institution of appropriate proceedings under section 312a to revoke the certificates and permits of dormant water carriers. This section, added to part III of the act on September 6, 1965, authorizes us to take such action. During the past fiscal year we instituted 32 proceedings pursuant to this section, resulting in revocation of 27 water carrier certificates and permits.

*Motor Carrier Fitness*

*DOT and safety.*—With the creation of the Department of Transportation, jurisdiction over the promulgation and enforcement of safety regulations applicable to motor carriers operating in interstate or foreign commerce was transferred to the Department. The statute provides for the Department's investigation of the safety compliance record of each applicant seeking operating authority, intervention in Commission proceedings when DOT is not satisfied with an applicant's safety record, submittal to the Commission of information covering the safety record of each applicant seeking temporary operating authority, and furnishing the Commission upon request the safety compliance record of a particular carrier. The memorandum of agreement between the Commission and the Department (see p. 6) delineates procedures for transmitting information to insure that an applicant for operating authority maintains satisfactory compliance with safety regulations, and for the intervention by DOT in proceedings before the Commission for the purpose of presenting evidence with respect to a motor carrier applicant's safety compliance record.

**MERGERS***Railroads*

*Eastern rail mergers.*—During the current fiscal year the eastern railroad merger proceedings continued to be the subject of substantial activity before this Commission and the courts.

The U.S. Supreme Court decision of March 27, 1967, in *Baltimore & Ohio R. Co. v. United States*, 386 U.S. 372, held that we had erred in authorizing the merger of the Pennsylvania and New York Central Railroads, *Pennsylvania R. Co.—Merger—New York Central R. Co.*, 327 I.C.C. 475, without resolving the fate of the Erie-Lackawanna Railroad Co., the Delaware & Hudson Railroad Corp., and the Boston & Maine Corp. all of which we had found would be adversely affected by the merger. In our report authorizing the merger we included a provision permitting these three railroads to petition for inclusion in the Penn-Central system if they were not successful in their desire to be included in the system of the Norfolk &

Western Railway Co. The Supreme Court's decision had the effect of staying our order authorizing the merger until we issued a decision on the inclusion of those three railroads into the Norfolk & Western system.

By order of June 9, 1967, *Norfolk & Western Railway Co. and New York, Chicago & St. Louis Railroad Co.—Merger, Etc.*, 330 I.C.C. 780, we authorized and directed the inclusion of those three railroads into the Norfolk & Western system. By report and order of August 10, 1967, we modified our report and order of June 9, concerning the terms for inclusion of the Delaware & Hudson, the conditions for the protection of railway employees, and certain other terms and conditions specified in appendixes E-1 and F of our prior report. The order further provides that the order of June 9, as modified, would become effective 20 days after the order of a court sustaining its validity.

In our original report on the Penn-Central merger, dated April 6, 1966 (327 I.C.C. 475), we advised that the Erie-Lackawanna, the Delaware & Hudson, and the Boston & Maine Railroads would be protected by extraordinary traffic and indemnity conditions, pending their inclusion in that system or the Norfolk & Western system. In our report on reconsideration, dated September 16, 1966 (328 I.C.C. 304), we expressed the view that prompt consummation of the merger clearly would be in the public interest, and reopened the proceeding for further consideration, with limited further hearing, to determine in what respects the protective traffic and indemnity conditions in appendix G of the original report should be modified and whether or not the capital loss indemnification provision should be imposed. We specified that meanwhile all traffic conditions imposed previously would remain in effect, and rescinded the indemnification conditions, stating that if it was later found that provisions for the payment of indemnities should be imposed they would be made applicable retroactively to the date the merger was consummated. After further hearing we issued a report and order dated June 9, 1967 (330 I.C.C. 328), in which we found that the imposition of capital loss indemnification conditions was not warranted and affirmed the protective and indemnity conditions set forth in appendix G of our original report, with certain modifications.

Our orders in the Penn-Central merger proceedings were challenged in three suits brought in the U.S. District Court for the Southern District of New York. That court denied the request for an injunction to restrain the Penn-Central merger. However, a stay was ordered by the Supreme Court, which established an expedited schedule for its consideration of the appeals. It appears that the merger and inclusion orders will be reviewed by the New York District Court, which has set a hearing date for September 18, 1967. A number of other proceedings have been instituted by parties in other district



courts but it may be that the matters can be resolved through the proceedings pending in the New York District Court.

In the Penn-Central merger case and in Finance Docket No. 21669, *New York, New Haven and Hartford Railroad Company, Reorganization*, we heard the parties in oral argument on the terms for the inclusion of the New Haven in the Penn-Central system. The trustees for the bankrupt railroad declared that they would abandon their two-step reorganization proposal, consistent with a decision by the U.S. Court of Appeals for the Second Circuit that they submit an entire reorganization plan to us. However, they have asked us, in the meantime, to make findings under section 5(2) (d) of the Interstate Commerce Act concerning terms for including the New Haven in the Penn-Central system. Certain bondholders and other parties urged that, pending our approval of the reorganization plan, we not allow consummation of the Penn-Central merger without requiring an interim takeover of the New Haven operations by Penn-Central.

Some bondholders have brought action in the New York District Court to block the merger of the two railroads until such time as we condition the merger to provide for a lease of the New Haven properties or some other protection, pending the inclusion of that railroad in the Penn-Central system.

The position of the New Haven is steadily deteriorating as evidenced by testimony of the trustees to the reorganization court and more recent statements concerning the railroad's poor cash position. Because of such urgency, and as a result of our order of August 1, 1967, the Pennsylvania and New York Central Railroads filed a joint petition with us on September 1, 1967, proposing, upon consummation of their merger, to make available loans up to \$25 million to the New Haven trustees to continue operations pending the ultimate acquisition by the merged railroads of the New Haven's operations. On the same day the New Haven trustees filed with us the remaining portion of their plan of reorganization and reiterated their request that we make findings now under section 5(2) (d) of the act on the terms and conditions for the inclusion of the New Haven in the merged system.

The Central of New Jersey, which had been among the plaintiffs challenging our Penn-Central orders, is now in reorganization under section 77 of the Bankruptcy Act. It was reported to be negotiating directly with Penn-Central and, accordingly, was not actively participating in the present litigation in the New York court. The Reading Co., however, continued to be an active litigant, alleging that protective conditions should have been imposed by us.

Central of New Jersey, Reading, and others petitioned for reconsideration of our report, *Chesapeake & O. Ry. Co.—Control—Western Maryland Railway Company*, 328 I.C.C. 684. In that proceeding we authorized the proposed transaction, subject to conditions. Consum-



mation of the transaction would remove B. & O.'s stockholding of Western Maryland from a longstanding trust, an arrangement which had been imposed to assure independence of operations by the Western Maryland. Central of New Jersey had petitioned for inclusion, but we noted that it was lawfully controlled by the Reading which, in turn, was controlled by C. & O.-B. & O. and that, accordingly, inclusion was unnecessary. In their petitions for reconsideration the Reading and Central of New Jersey urge that we strengthen their existing ties with the C. & O.-B. & O., as through inclusion by merger.

C. & O.-B. & O. continue to maintain that the future of the Central of New Jersey and Reading, as well as E-L, D. & H., and B. & M., lies in their so-called Dereco proposal. Their proposal, in Finance Docket No. 23832, wherein the C. & O. and N. & W. seek authority to merge, is presently the subject of a hearing before a hearing examiner.

Finally consummated was the merger of the Atlantic Coast Line Railroad and the Seaboard Air Line Railroad Co. approved by us on December 2, 1963, in Finance Docket No. 21215 (320 I.C.C. 122).

*Western rail mergers.*—At the request of the applicant lines, we reopened the proceeding in Fance Docket No. 21478, 328 I.C.C. 460 and 328 I.C.C. 205, in which authority had been withheld for merger of the Great Northern Railway Co., the Northern Pacific Railway Co., the Chicago, Burlington & Quincy Railroad Co., the Pacific Coast Railroad Co., and the Spokane, Portland & Seattle Railroad Co., into a newly organized corporation to be called the Great Northern Pacific & Burlington Lines, Inc. Further hearings were held to update the record, particularly with respect to recent changes in operations, and changes in proposed savings which might be expected from the merger resulting from agreements between applicants and certain competing railroads. Oral argument was heard June 13, 1967, and the Commission has the matter for decision.

In Finance Docket No. 23388, 330 I.C.C. 13, we authorized the merger of the Chicago & North Western and the Chicago Great Western Railroads. Combination of these lines would result in a single carrier operating almost 12,000 miles of trackage in 11 Midwestern States. Conditions were imposed, designed to protect the Soo Line Railroad from loss of traffic which might otherwise result from the merger, and attrition conditions were imposed for the protection of employees adversely affected by the merger. The effective date of our approval order was stayed, pending a decision on petitions filed for reconsideration.

An examiner's report and recommended order were issued denying applications in Finance Docket No. 23935 of the St. Louis-Southwestern Railway Co. to purchase the properties of the Alton & Southern Railroad, and in Finance Docket No. 24075 of the Missouri Pacific to purchase the same properties. Instead, the examiner recommended that

the St. Louis-Southwestern, the Missouri Pacific, and the Chicago & North Western Railroads be permitted to jointly acquire the Alton & Southern. The proceeding is now before us on exceptions, having been recalled from division 3 for decision by the entire Commission. An application in Finance Docket No. 24148 for the Chicago & Eastern Illinois to purchase the Alton & Southern was dismissed upon applicant's request.

Following action by the Supreme Court upholding our order in Finance Dockets Nos. 21755, 21892, and 21980, we entered an order making effective our earlier decision, 327 I.C.C. 279, in which the Missouri Pacific was authorized to control the Chicago & Eastern Illinois Railroad. The transaction was consummated May 12, 1967. We also denied authority for the Illinois Central to control the Chicago & Eastern Illinois, and terminated our investigation of the alleged unlawful control of that carrier by the Missouri Pacific.

Lengthy hearings were conducted on consolidated proceedings involving acquisition of the Chicago, Rock Island, & Pacific Railroad. Four railroads seek to acquire all or portions of the Rock Island. In Finance Dockets Nos. 22688 and 23285, its control is sought by the Chicago & North Western and the Union Pacific Railroad, respectively. The latter also seeks authority to merge with the Rock Island. In Finance Dockets Nos. 23595 and 23919, the Southern Pacific and the Atchison, Topeka & Santa Fe Railway Co., respectively, seek authority to purchase portions of the Rock Island. In No. MC-F-9222 the Southern Pacific Transport Co. seeks authority to acquire a portion of the motor carrier rights of the Rock Island Motor Transit Co.

Hearings are in progress on an application in Finance Docket No. 24182 for the consolidation of the Chicago, Milwaukee, St. Paul & Pacific and the Chicago & North Western Railroads into a new corporation to be called the Chicago, Milwaukee & North Western Transportation Co.

Appendix B lists applications for major railroad mergers pending as of June 30, 1967. Also listed are proceedings in which authority was granted under section 5(2) for acquisition, control, or joint use of railroads or their property.

### *Motor Carriers*

A total of 345 motor carrier purchase, control, and merger applications was filed in fiscal 1967 compared to 298 in 1966. A summary of motor carrier unification proceedings appears in appendix B.

Among the 313 motor carrier proceedings decided in the current fiscal year several warrant comment. In *Transcon. Bus System—Control—Virginia Stage Lines*, 101 M.C.C. 529, the Commission authorized Transcontinental Bus System, Inc., to acquire control of several eastern buslines in the Trailways system. The transaction was con-

summed and has resulted in motor bus operations between Maine and Florida joining a transcontinental network of routes under common control. In approving this vigorously contested transaction, it was found that the centralized control of the various operations by Transcontinental would not eliminate competition but would permit the establishment of an improved service for the traveling public. An appeal by another prospective purchaser is pending in court.

Responsive to an existing and future public need, the Commission permitted the acquisition by Sea-Land Freight Service, Inc., of motor carrier operating rights, 104 M.C.C. 28. More specifically, Sea-Land was authorized to purchase the motor carrier operating rights and certain property of Alaska Freight Lines, Inc., and to acquire control of Alaska Freight and Alaska Northern Express, Inc. The effective date of the approval order has been stayed, pending actions on petitions seeking reconsideration.

The National City Lines, Inc., in No. MC-F-9592, was authorized to acquire control of both D.C. International, Inc., and the Red Ball Express Co. Approval of the transaction permitted the operation under common control of a number of motor carriers operating in the Western and Midwestern States, since National City Lines controlled five interstate motor common carriers before it was authorized to control the two new ones.

Applications by Strickland Transportation Co., 104 M.C.C. 297, and a related docket to acquire additional operating rights through purchase from other carriers and, through conversion of the acquired irregular routes, to provide a more direct route between New Orleans and points north and northeast were denied. In No. MC-F-8808 and a related docket disposed of in the same report with the foregoing, Consolidated Copperstate Lines sought similar authority to extend its Portland, Oreg., to Houston, Tex., operation to New Orleans, and these were disapproved.

Several acquisition applications were filed by large motor carriers. In No. MC-F-9754, Tri-State Motor Transit Co. seeks authority to acquire control of U.S.A.C. Transport, Inc. Tri-State, which may already operate as a common carrier in portions of all States, except Hawaii, would acquire control of a carrier which also holds extensive authority to operate as a common carrier through large portions of the United States.

In No. MC-F-9852 Spector Freight System, Inc., seeks authority to control Viking Freight Co. through purchase of stock. Approval of the transaction would permit a combined direct freight service between nearly 6,000 cities in the Northeast, Central, Mississippi Valley, and Southwest sections of the United States.

Another transcontinental freight service will be established if we approve the application filed by United-Buckingham Freight Lines



in No. MC-F-9775 to acquire control of Nortruck Corp. The latter corporation controls Norwalk Truck Lines, Inc., of Delaware & Norwalk Truck Lines, Inc., each of which holds authority from us to conduct operations as a common carrier.

## PASSENGER SERVICE

### *Train Discontinuances*

The trend toward the elimination of passenger train service continued unabated and included a number of famous name trains. During fiscal year 1967, 37 railroads filed notices proposing discontinuance of 160 interstate passenger trains under section 13a(1), and two petitions proposing discontinuance of four intrastate trains under section 13a(2). A total of 59 interstate trains was permitted to be discontinued and 14 trains were required to be continued. Six intrastate trains were permitted to be discontinued.

The Monon, the Colorado & Southern, and the St. Louis-San Francisco (Frisco) Railroads proposed to terminate passenger business entirely by filing notice of intention to discontinue their last passenger trains. The Frisco later withdrew notice of its proposal to discontinue its last two trains.

Several notices filed recently allege that decisions of the Post Office Department to utilize other modes of transportation for carrying the mail prompted railroads to file notices of their intention to discontinue passenger trains. Mail revenue has accounted for a substantial portion of the aggregate revenues earned by passenger trains. Elimination of mail revenues frequently results in passenger trains being operated at a substantial out-of-pocket loss since such revenues are a major factor in the profitability of all passenger trains, with the possible exception of commuter service in the larger metropolitan areas.

The decline of passenger service is evidenced by the discontinuance or proposed discontinuance of trains bearing such famous names as the California Zephyr, the Phoebe Snow, the Wabash Cannon Ball, the Banner Blue, the Virginian, the Sportsman, and the Piedmont Limited.

The California Zephyr, operating between San Francisco and Chicago, is one of the country's last luxury-type passenger trains. Continued operation was threatened when the Western Pacific filed notice in Finance Docket No. 24277 that it intended to discontinue the trains because of substantial out-of-pocket losses. The trains operate at full capacity during the summer vacation season and average nearly 80 percent full on an annual basis, but they carry no mail and operate at an out-of-pocket loss of approximately \$500,000 a year. After public hearings, the trains were required to be continued for a period of 1 year, with the suggestion that the railroad attempt to obtain mail contracts



from the Post Office Department and take steps to reduce or eliminate operating losses of the trains through negotiation with labor for more efficient utilization of personnel. It was also suggested that interested public agencies and officials could develop and implement programs designed to foster continued operation. In addition, we instituted an investigation in No. 34812 to ascertain if an equitable division of revenues is being made between the Western Pacific, the Rio Grande, and the Burlington, as joint operators of the California Zephyr.

In Finance Docket No. 24205, 330 I.C.C. 508, it was found that the Erie-Lackawanna train, the Phoebe Snow, between Hoboken, N.J., and Chicago, Ill., was not required by the public convenience and necessity and that continued operation would unduly burden interstate commerce. The Phoebe Snow was renowned during the early years of this century for its cleanliness, which resulted from its locomotive's use of anthracite coal. One basis supporting the Commission's findings was the train's large operating deficit, caused in substantial part by decreases in 1965 over 1963 of mail and other head-end revenues of approximately \$750,000. In 1966, an additional \$224,000 in mail and milk revenue was diverted to other modes of transportation.

In Finance Docket No. 24558, it was found that continued operation by the Norfolk & Western of its Wabash Cannon Ball between Detroit, Mich., and St. Louis, Mo., was required by the public convenience and necessity and would not unduly burden interstate commerce and the trains were required to be continued. In the same proceeding, a contrary finding was made as to the Banner Blue trains operating between St. Louis and Chicago. These trains, under the statute, could be discontinued.

In Finance Docket No. 24435, 330 I.C.C. 211, the Chesapeake & Ohio filed notice of its intention to discontinue the Fast Flying Virginian from Washington, D.C., to Cincinnati, Ohio, and the Sportsman from Cincinnati to Washington. Hearings were concluded, and a decision was reached on June 5, 1967, to require continuance of the trains for a 6-month period.

### *Highway Service*

Mentioned in our last annual report were two rulemaking proceedings instituted to explore the possibility of defining more precisely the respective areas of service of motor carriers providing special and charter service and passenger brokers (ex parte No. MC-29 (Sub-No. 1), *Passenger Transportation in Special Operations*, and ex parte No. MC-29 (Sub-No. 2), *Operations of Brokers of Passenger Transportation*). Numerous statements were filed in response to our invitation for views regarding the promulgation of new formal regulations in these areas.

In a decision issued by division 1 on reconsideration, in *Gray Line Scenic Tours, Inc., Contract Carrier Application*, 103 M.C.C. 807, a

motor bus applicant proposed to transport passengers between certain California points and the sites of several casinos in the Reno-Lake Tahoe, Nev., area, under contracts with each of these casinos. It was found that this proposal was not within the purview of contract carriage as envisioned under section 203(a)(15) of the act. In support of this determination, it was pointed out that the casinos were not willing to bear all or any of the costs of the proposed transportation, and that the service would be held out to prospective patrons from the general public for each trip. The service was found to be in the nature of motor common carriage and the application was granted in part on that basis. A petition for reconsideration of this action was denied.

### ABANDONMENTS

Railway line abandonment proceedings filed during the current period continued to involve short segments of trackage for the most part. One of the more significant proceedings is the application in Finance Docket No. 23492 in which the Washington & Old Dominion Railroad seeks to abandon its entire line between Alexandria and Purcellville, Va. Hearings have been concluded. The right of way is variously sought for commuter rapid transit or highway uses.

We adopted the examiner's certificate and order recommending approval of the Chicago, Rock Island & Pacific Railroad Co. application in Finance Docket No. 23748 for authority to abandon about 87 miles of its railroad line between Horton, Kans., and Beatrice, Nebr.

Hearings were concluded in Finance Docket No. 24163 on the application filed by the Texas Central Railroad Co. for abandonment of its line of railroad between Bellmead (Waco) and Stamford, Tex., a distance of 220 miles. In a related proceeding the Missouri-Kansas-Texas Railroad Co. seeks authority to abandon operations over the same line. Briefs were filed by the parties and an examiner's report and recommended order were issued.

Several small railroads were authorized to go out of the railroad business during the current year. In Finance Docket No. 24373, the Euclid Railroad Co., a small switching line with about 1.5 miles of trackage in the Cleveland, Ohio, area was authorized to abandon its entire line. The Mount Gilead Short Line Railway Co. was authorized in Finance Docket No. 24229 to abandon its entire 1-mile line in Morrow County, Ohio. The Jerseyville & Eastern Railroad Co. also was authorized in Finance Docket No. 24465 to abandon its entire line in Jersey County, Ill.

The Commission denied the application filed in Finance Docket No. 23746 by the Hoboken Shore Railroad to abandon its entire line of railroad. The line consists of approximately 10 miles of switching trackage along the Hoboken waterfront in Hudson County, N.J.

An application was filed by the Ann Arbor Railroad Co. for authority to abandon its 94-mile car ferry operation between Manistique and Frankfort, Mich., in Finance Docket No. 24611. Hearings were to be scheduled after the end of the fiscal year.

### CONSTRUCTION AND TRackage RIGHTS

During the year two new railroads were authorized to construct and operate significant trackage. The Permian Basin Railroad Co. was authorized in Finance Docket No. 22475, 330 I.C.C. 256, to construct and operate a line of railroad between Odessa and Seagraves, Tex. The line extends approximately 78 miles, with over 2 miles of spur and side tracks, and would be operated solely in freight service.

In Finance Docket No. 24345 the Waynesburg Southern Railroad Co. was authorized to construct and operate a 35-mile railroad in Greene County, Pa., and Monongalia County, W. Va. It would be controlled by the Pennsylvania Railroad Co. and operated under lease by the Monongahela Railway Co. The line would facilitate movement of an estimated 500 million tons of coal reserves in northern West Virginia.

In Finance Docket No. 23825, the Northern Pacific Railway Co. was authorized to construct and operate a line of railroad from Mesa to Mattawa, Wash., a distance of about 55 miles, to provide service for an agricultural area developed after construction of the Grand Coulee Dam.

The Delaware & Hudson Railroad filed application in Finance Docket No. 24500 to acquire trackage rights over 188 miles of the Pennsylvania Railroad between Hudson-Buttonwood (Wilkes-Barre, Pa.) and Hagerstown, Md. The line would provide a direct connection between the Delaware and Hudson's present line and the Norfolk & Western system and facilitate the former's efforts for inclusion in the latter system, as discussed earlier in this chapter.

Data on abandonment, construction, acquisition, and operation applications handled during the year are shown in appendix B.



## FINANCE AND ACCOUNTS

Sound financial practices and effective accounting procedures are absolute necessities for the successful growth of regulated carriers. The Commission's involvement in and continuing monitoring of these important areas helps insure that both the carriers and the public interest will be served.

### *Highlights*

- Diversification of carriers into nontransportation fields continued.
- Expiration of rail loan guaranty program 4 years ago has not eliminated need for observation and processing of administrative requirements stemming from the commercial loans.
- One railroad reorganization was consummated, one plan filed, and one new petition received.
- A number of refinements in carriers' accounting practices are under consideration.

### DIVERSIFICATION

In accordance with past trends, carriers—especially railroads—continued to diversify their investments through the establishment of non-carrier holding companies. Exemplifying this movement is the Chicago & North Western, which is establishing a noncarrier holding corporation to be called the North Western Industries, Inc., which, in addition to controlling the railroad, will also acquire noncarrier corporations for investment purposes.

On June 5, 1967, the Supreme Court, in *Denver & Rio Grande Western Railroad Company v. United States, et al.*, 387 U.S. 485, by a majority decision, annulled and set aside our orders in Finance Docket No. 23324, *Railway Express Agency, Inc. Stock*, which had approved the issuance by REA of 500,000 shares of stock for sale to Greyhound. The Supreme Court, in doing so, thereby reversed the decision of the District Court for the District of Colorado, 255 F. Supp. 704, which had upheld our orders. The Supreme Court held that the Commission could not properly approve the stock issuance without first conducting a hearing to determine whether the transaction may result in a lessening of competition in violation of section 7 of the Clayton Act. In so holding, the Court drew a sharp distinction between potential issues of "control" under section 5 of the Interstate Commerce Act, which it ruled might properly be deferred until completion of the entire REA-Greyhound transaction, and issues of anticompetitive effects under the

Clayton Act, which it requires to be considered before issuance of the stock is approved. The parties have stated that as a result of this decision, the contract between them will be rescinded.

### LOAN GUARANTY

In prior reports we noted that the provisions of part V of the act terminated June 30, 1963, except with respect to applications then pending and guarantees previously made. All applications pending on that date have been acted upon, and the proceeds of all guaranteed loans have been disbursed. During the year 18 petitions to modify the provisions of guaranteed loans previously made were ruled upon.

The two defaulted part V loans to the New Haven Railroad (in reorganization since July 1961), having unpaid principal balances of \$13 million and \$1,375,000, respectively, were paid by the United States on October 2, 1961. In December of 1965, the court approved a settlement of the above \$1,375,000 loan under which accrued interest would be waived and the principal paid in installments during 1966 and 1967. This year such installment payments totaled \$332,320, leaving an unpaid balance of \$802,179.

On March 22, 1967, the Central Railroad Co. of New Jersey filed a petition for bankruptcy which constituted a default on two guaranteed loans having unpaid balances of \$12,375,000 and \$4,620,000. Demands were filed by the trustee bank for the United States to pay these amounts plus accrued interest, and on June 1, 1967, the United States made payment.

### RAILROAD REORGANIZATIONS

The reorganization of the New Jersey & New York Railroad Co. under section 77 of the Bankruptcy Act was consummated on December 1, 1966.

The modified plan for reorganization of the Boston & Providence Railroad Corp., approved by this Commission on March 11, 1966, and by the court on November 21, 1966, has not yet been consummated because of several appeals filed with the U.S. Court of Appeals for the First Circuit.

A plan for reorganization of the New York, New Haven & Hartford Railroad Co. was filed by the trustees on October 27, 1966 and, as amended, is being handled with the portion of the Penn-Central merger case which deals with the possible inclusion of the New Haven in the Penn-Central. The Penn-Central case is discussed earlier in this report.

The petition of the Central Railroad Co. of New Jersey was the only petition for reorganization of railroads under section 77 filed during the year. On April 21, 1967, the Commission ratified the appointment of trustees for the carrier.

## ACCOUNTING

### *Disclosure of Financial Information*

To provide for greater disclosure of more meaningful financial information, substantive revisions are being developed for our accounting and reporting requirements. This will affect all types of carriers, and will pertain especially to the treatment of extraordinary and prior period items in an all-inclusive income statement.

Also being studied are revised reporting procedures designed to disclose significant information concerning Federal income taxes resulting from accelerated depreciation, guideline lives, investment tax credits, and other allowances used for tax purposes but not recorded in the accounts under our rules.

### *Use of C.P.A. Working Papers*

We are considering procedures by which our field accountants might use certified public accountants' working papers to reduce the time spent in conducting examinations of carrier's records.

## DEPRECIATION

The 5-year cyclical review program, for determining adequacy of depreciation rates for railroads, pipelines, and water carriers, was put into full operation during the past fiscal year, and revised depreciation rates were issued for 80 carriers.

Additionally, a comprehensive study of the ages of certain properties of the railroads, pipelines, and water carriers was initiated to determine the appropriate reserve-to-base ratios, predicated on the attained age of the current consist of the plant.



## PRODUCTIVITY AND LABOR

The public has a continuing interest and concern with a viable transportation system responsive to national needs. Analyses of underlying economic factors are essential to understanding the probable direction of future developments within the industry. This chapter and appendix G summarize the transportation industries' contributions to national economic progress.

### *Highlights*

- Regulated carrier revenues in calendar year 1966 and in fiscal year 1967 exceeded \$24 billion, new record highs for these industries.
- Each mode reached new highs on the total ton-miles of freight carried in 1966.
- Net income of class I railroads was at its highest level since 1955.
- Truck and bus operating revenues were at their highest point in 1966.
- Water carriers, oil pipelines, and freight forwarders reported 1966 increases in operating revenues; pipelines attained a new all-time record.
- National truck lockout combined with threatened national rail work stoppages clouded labor-management relations near the end of fiscal year 1967.

## TRAFFIC AND EARNINGS

Commission-regulated carriers, in general, continued to post new highs in annual revenues in calendar 1966 and fiscal year 1967. The revenues exceeded \$23 billion in calendar 1965 and \$24 billion in fiscal 1966; these consecutive records were exceeded in calendar 1966 and fiscal 1967. The following table shows the revenues of the individual modes.<sup>4</sup>

The railroad industry showed substantial revenue gains in calendar year 1966, surpassing the 1953 operating revenue record of \$11.063 billion by about \$100 million. Oil pipelines, motor carriers of property, and motor carriers of passengers also established new records in

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<sup>4</sup> Because of duplications resulting from intercompany payments to carriers, revenues of freight forwarders and private car lines were excluded from the table of revenues. The operating revenues of freight forwarders, after payments to carriers and inclusion of incidental revenues, were \$156 million for calendar 1965 and \$184 million for calendar 1966. Operating revenues of private car lines were \$542 million in 1965 and \$610 million in 1966. The information is not available for freight forwarders and private car lines on a fiscal year basis. Electric railways are not shown in the table because data are not available for fiscal years. They had revenues of \$12.6 million in 1965 and \$13.8 million in 1966, an increase of 9.5 percent.

calendar 1966, passing the record highs achieved in 1965. Revenues of water carriers fluctuated during the period covered in the table. Pullman Co. revenues declined again. Except for 1951, 1952, and 1956 the trend has been downward since 1946.

Rail freight, mail, and express revenues for 1966 aggregated \$9.9 billion compared with \$10.9 billion for motor carriers of property. Rail passenger and Pullman Co. revenues in the same years totaled \$616.2 million, and those of motor carriers of passengers \$908.3 million.<sup>5</sup>

*Operating revenues* <sup>1</sup>

Type	Year ended Dec. 31, 1965	Year ended Dec. 31, 1966		Year ended June 30, 1966	Year ended June 30, 1967	
		Amount	Percentage change from calendar year 1965		Amount	Percentage change from fiscal year 1966
	<i>Thousands</i>	<i>Thousands</i>		<i>Thousands</i>	<i>Thousands</i>	
Railroads <sup>2</sup> .....	\$10,702,302	\$11,163,421	+4.31	\$10,998,007	\$11,077,115	+0.72
Railway express <sup>3</sup> .....	316,234	323,629	+2.34	319,908	326,662	+2.11
Pullman Co. ....	35,806	35,001	-2.25	34,467	32,217	-6.53
Waterlines <sup>4</sup> .....	425,683	460,129	+8.09	450,284	451,811	+0.34
Pipelines (oil).....	903,817	941,132	+4.13	924,976	963,306	+4.14
Motor carriers of passen- gers <sup>5</sup> .....	885,125	908,345	+2.62	901,178	954,162	+5.88
Motor carriers of prop- erty.....	10,068,243	10,853,301	+7.80	10,777,628	11,093,213	+2.93
Grand total <sup>6</sup> .....	23,337,210	24,684,958	+5.77	24,406,448	24,898,486	+2.02

<sup>1</sup> Partly estimated. Variations in totals are the result of rounding.

<sup>2</sup> Includes line-haul and switching and terminal companies. Alaskan and Hawaiian companies are included.

<sup>3</sup> After deducting payments to others for express privileges, \$119.3 million in 1965 and \$111.3 million in 1966.

<sup>4</sup> Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

<sup>5</sup> Does not include a Canadian carrier reporting \$1.2 million revenue in 1965.

<sup>6</sup> Omits electric railways with operating revenues of \$12.6 million in 1965 and \$13.8 million in 1966.

*Passenger Performance*

The total intercity passenger-miles in 1966 were the highest on record, 5.7 percent above the previous record in 1965. Passenger-mile and ton-mile data, public and private, are shown in the following table. Air and private automobile carriage reached new highs. Water carriers, a small percentage of the total, showed little volume change, and buses achieved a moderate increase of 3.4 percent. The railroads' passenger-miles continued to decline. All figures were affected to varying extents by the labor-management dispute involving several large airlines in the summer of 1966, which diverted traffic to railroads, buses, and private automobiles.

<sup>5</sup> For purposes of this comparison, rail revenues were allocated for property and passenger service corresponding with the type of motor carriage most competitive for the traffic. Thus, included in the comparison with motor carriers of property are rail freight, mail, milk, and Railways Express revenues and, in the passenger comparison, rail passenger, baggage, sleeping car, parlor, and chair car, and other passenger train revenues. A portion of REA domestic revenues was included with rail revenues in the comparison with property motor carriers. This portion bears the same relationship to total REA domestic revenues as contract charges paid by REA to railroads bear to the total of express privilege payments by all modes.

*Volume of intercity traffic, public and private, by kinds of transportation<sup>1</sup>*

Agency	Ton-miles			Passenger-miles		
	1965	1966	Percent increase	Percentage of grand total	1965	1966
	Millions	Millions		Millions	Millions	
1. Railroads and electric railways, including express and mail.....	708,700	750,762	5.83	42.49	42.59	1.83
2. Motor vehicles <sup>2</sup> .....						
Private automobiles.....						
Motor carriers of passengers.....						
Motor transportation of property.....						
Total motor vehicle.....	338,438	411,744	6.00	23.29	23.36	2.47
3. Inland waterways, including Great Lakes.....	338,438	411,744	6.00	23.29	23.36	2.47
4. Pipelines (oil) <sup>3</sup> .....	262,421	265,000	0.98	15.73	15.93	89.33
5. Airways (domestic revenue, pleasure and business flying, including express, excess baggage, and mail).....	306,393	332,916	8.66	18.37	18.89	5.00
Grand total.....	1,910	2,252	17.91	100.00	100.00	100.00
	1,667,862	1,762,764	5.88			

<sup>1</sup> Decrease.

<sup>2</sup> Some revisions have been made in the data presented in the 80th Annual Report, and parts of the 1965 and 1966 data are still preliminary. Alaska and Hawaii are included.

<sup>3</sup> Schoolbus data are excluded.

<sup>4</sup> Includes refined products and crude oil, with an allowance for gathering lines.

Sources (paragraphs below are numbered to correspond with items in table):

1. Reports to the Interstate Commerce Commission. Electric railway ton-miles and passenger-miles are estimated on the basis of revenues, reports of some carriers, and tariffs. Does not include nonrevenue ton-miles which amounted to 12,355 million in 1965 and 11,182 million in 1966 for class I railroads.

2. Highway ton-miles estimated on the basis of Bureau of Public Roads data for mail and local rural roads, mileages of vehicles in urban and rural areas, and Department of Agriculture data on farm consumption. Passenger-miles in private automobiles on basis of data from the Bureau of Public Roads on rural and intercity travel and from average load data. Motor carrier passenger-miles based on Census of Transportation, Public Roads,

and Interstate Commerce Commission data. Highway data for 1966 should be regarded as preliminary. Because of change in base, bus estimates for the years 1957-64 published in earlier annual reports, are not comparable with estimates published for prior years. For changes in bus estimates for 1963-64, see July 1967 *Transport Economics*. Ton-mile data above are comparable with statement No. 6103, *Intercity Ton-Miles, 1959-59* and in the January 1966 *Transport Economics* for 1959-64.

3. Ton-mile data are from the Corps of Engineers, U.S. Army. Data for 1966 are preliminary estimates. Only ton-miles in domestic waters as defined by the Coast Guard are included herein. Does not include deep sea coastwise and intercoastal ton-miles outside U.S. waters as defined by the Coast Guard, which ton-miles are included in the table at p. 57, and for which data for 1966 are not available.

4. Interstate Commerce Commission, Bureau of Mines, and other data.

5. Based on Civil Aeronautics Board statistics, Federal Aviation Agency surveys, and other data. Covers domestic traffic except movements over international waters or foreign countries. These figures, as they include, for example, Alaskan and Hawaiian traffic, are not comparable with data in annual reports prior to the 75th.



The airlines, however, showed the highest percentage increase and their total of 63.7 billion passenger-miles, excluding business and pleasure flying in noncommercial planes, was greater than all other for-hire carriers combined. Private automobile passenger-miles, which accounted for approximately 89 percent of total private and for-hire passenger-miles in 1966, increased 5 percent to 901.6 billion.

### *Freight Performance*

Data in the intercity traffic table include both private and public transportation. For the first time, all modes of transport covered in the table achieved new records. Ton-miles for all modes of freight carriers increased in 1966 over the 1965 level to a record 1.763 trillion, a rise of 5.7 percent. The rail record of 750.8 billion revenue ton-miles exceeded 1965 by 5.9 percent and the previous high of 746.9 billion in 1944.

The greatest percentage increase, although the smallest in number of ton-miles, was by air, with 17.9-percent increase and 342 million ton-miles. The largest in number of ton-miles was by rail, 42 billion, but the percentage increase was only 5.9 percent. Highway ton-miles, still preliminary, rose 23.3 billion or 6 percent. Pipelines (oil) gained 26.5 billion ton-miles or 8.7 percent. Water carriers had a revision in the 1965 preliminary data that raised that year's level to 262.421 billion or by over 6 billion above the preliminary figure for 1965. For 1966, the figure is a still higher, but preliminary, 265 billion ton-miles. The total 1.763 trillion for 1966 was the highest level on record and the first to be composed entirely of record highs.

### *Ton-Miles of Federally Regulated and Other Carriers*

In the next table, federally regulated carriers of the major modes of transportation for 1965 are compared in ton-miles with federally unregulated carriers. Percentages of distributions by modes and totals are also given.<sup>6</sup>

Railroad intercity ton-miles, all of which are regulated by the Interstate Commerce Commission, comprise the largest single category. All air ton-miles, the smallest group, are regulated by the Civil Aeronautics Board. Of the motor carrier total of 388.4 billion ton-miles, 140.3 billion or 36.1 percent were by federally regulated carriers, and

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<sup>6</sup> Ton-miles in the "federally regulated" categories cover all ton-miles by carriers subject to ICC economic regulation. Traffic otherwise exempt because intrastate, under the commodity exclusions for water carriers, etc., are included if by regulated carriers. Water carrier ton-miles shown as federally regulated are based on the reports of classes A and B carriers and an estimate for class C. The data for "foreign" traffic represents movements in U.S. waters between the United States and foreign ports. A small amount of Pacific Coast and Great Lakes traffic by ICC carriers is in this category but is so small that the "foreign" ton-miles are shown separately in the table and not divided between federally regulated and other. The water carrier data include ton-miles in deep sea coastwise and intercoastal service which have been excluded from the table of intercity ton-miles at p. 55 to the extent they are outside domestic waters as defined by the Coast Guard.

248.1 billion or 63.9 percent were by unregulated carriers. Oil pipeline ton-miles were divided 263.5 billion ton-miles or 86 percent regulated by the Commission, and 42.9 billion ton-miles or 14 percent federally unregulated. Water carrier ton-miles by carriers with Commission authority were 59.8 billion or 12.2 percent of the total of 489.8 billion, with the ton-miles of the other carriers 430 billion or 87.8 percent of the water total, excluding "Foreign." The 1,895.2 billion ton-miles of traffic by all modes showed 1,174.2 billion ton-miles or 62 percent federally regulated and 721 billion ton-miles or 38 percent not federally regulated.

These figures are on bases comparable to those given on page 54 of the last annual report. Changes from 1964 in percentage relationships are not significant, particularly in view of the preliminary character of some of the figures.

*Federally regulated and total intercity ton-miles, 1965, by type of carrier <sup>1</sup>*

Type	Federally regulated <sup>2</sup>		Not federally regulated		Total	
	Billions	Percent	Billions	Percent	Billions	Percent
1. Rail.....	708.7	100.0	0	0	708.7	100.0
2. Motor <sup>3</sup> .....	140.3	36.1	248.1	63.9	388.4	100.0
3. Water <sup>4</sup> .....	59.8	12.2	430.0	87.8	489.8	100.0
4. Pipeline (oil).....	263.5	86.0	42.9	14.0	306.4	100.0
5. Air.....	1.9	100.0	0	0	1.9	100.0
Total.....	1,174.2	62.0	721.0	38.0	1,895.2	100.0
Water traffic in U.S. waters with 1 domestic terminus, termed by Engineers as "Foreign" (not divided between regulated and other).....					55.5	100.0
Grand total.....					1,950.7	100.0

<sup>1</sup> Some variance appears in totals because of rounding.

<sup>2</sup> Includes ton-miles by rail, by vehicles of class I-III intercity common and contract motor carriers, by pipelines (oil) subject to ICC regulations, and reported carried by classes A and B water carriers plus an estimate for class C water carriers, and air ton-miles subject to regulation by the Civil Aeronautics Board.

<sup>3</sup> Preliminary.

<sup>4</sup> Includes coastal, inland waterways, intercoastal, and Great Lakes traffic, but not water traffic in U.S. waters with 1 foreign and 1 U.S. terminus, except for a very minor part of the ton-miles reported by ICC carriers.

Sources: Items 1, 2, 4, and 5 same as in preceding table plus other ICC data, and item 3, federally regulated from reports of classes A and B carriers to ICC and estimates for class C, and total from Department of the Army, Corps of Engineers, *Waterborne Commerce of the United States, Calendar Year 1965, Water Carrier Ton-Miles, Supplement 2 to Part 5, National Summaries*, p. 5.

## FINANCIAL CONDITION

### *Railroads*

For a fifth consecutive year the railroad industry exhibited considerable improvement in most respects during 1966. The greatest year-to-year gains were reported for freight traffic. Freight revenue of class I line-haul railroads increased 5 percent in 1966 to \$9.3 billion and revenue ton-miles rose almost 6 percent to \$738.3 billion. Because of limitations by the railroads on less-than-carload service, both the total tonnage and gross revenue of this traffic decreased by approximately 21 percent.

Although operating expenses increased 3.4 percent in 1966 over 1965, total operating revenues advanced to \$10.7 billion, or 4.4 percent, yielding a 1966 operating ratio of 76.2 percent compared to 76.9 percent in 1965. Both operating revenues and operating expenses have increased each year since 1962. Net railway operating income for the year 1966 was \$1,045.9 million or 8.8 percent above the \$961.5 million reported in 1965. The 1966 total was the highest since 1956. Net income of \$903.8 million also represented a 10-year peak for class I railroads reporting to the Commission.

Class I railroad employment decreased 1.42 percent. Total employee compensation was \$4,879 million, or 1.8 percent above that of 1965.

Passenger service statistics continued their downward trend in 1966. Passenger revenue was \$543.6 million, or 1.7 percent below 1965. Revenue passenger-miles also declined 1.7 percent. Mail revenue decreased by \$7.3 million to \$304 million in 1966, and express revenue declined by \$9.1 million during the year to a \$67.3 million total.

Gross expenditures for additions and betterments to roadways amounted to \$397.8 million in 1966, and for equipment, the total was \$1,555.1 million. The total of nearly \$2 billion is the third consecutive record high for capital expenditures made by the railroads. The new record investments in rail capital facilities may be explained partially by changes in the purchasing value of the dollar. If adjustments were made in the value of the dollar, 1929 outlays for roadway and equipment would have been more than \$2 billion. It should be noted that the expenditures for equipment reported to the Commission does not include either the amounts invested in new equipment for lease to the railroads nor any additions to the private car fleets.

In the first half of 1967, total operating revenue decreased to \$5.2 million, or by 1.6 percent, while total operating expenses increased to \$4.1 billion, or by 2.7 percent, compared with the first half of 1966. Net railway operating income declined by 37.2 percent to \$323.5 million. Both figures reflect a decrease of 1.8 percent in the number of ton-miles generated. The 1967 first-half operating ratio was 79.3 percent, compared to 76 percent in 1966.

Net income was \$264.3 million or 38.8 percent lower than for the comparable 1966 period.

#### *Private Car Owners*

Private car lines are divided into two classes for reporting purposes: (1) refrigerator car lines owned or controlled by railroad companies, and (2) persons furnishing cars or protective service to railroad or express companies and owning 10 or more cars. Approximately one-



third of total rail refrigerator cars are owned or controlled by railroads. Petroleum tank cars constitute the largest portion of the private car line fleet.

Of the seven refrigerator car lines owned or controlled by railroads, operating revenues increased 13.3 percent in 1966 and operating expenses increased 5.7 percent over 1965. The 1966 operating ratio was 67.45 percent compared with 72.29 percent in the preceding year. In 1966, carline operating income before income taxes increased 26.9 percent and net income increased 17.6 percent over 1965.

The number of petroleum cars of non-railroad-controlled private cars decreased during the year, while others increased, resulting in a 6.8-percent increase in the entire fleet. Total miles operated and revenue receivable have been steadily increasing for the past 5 years. Revenue receivable increased from \$388 million in 1965 to \$434 million in 1966. Total mileage of non-railroad-controlled private cars increased by 15.3 percent over the previous year.

### *Electric Railways*

The Salt Lake, Garfield & Western Railway Co. was reclassified as a class II line-haul railroad, effective January 1, 1966, leaving a total of 13 electric railways reporting during the year. Only one road conducted passenger service in 1966; eight reported revenues derived from freight operations; and four received their total operating revenues exclusively from switching services. Miles of road operated dropped to 230, compared with 244 the previous year.

Operating revenues, totaling \$13.8 million in 1966, increased 10.1 percent, and operating expenses showed a slight decrease of 0.6 percent from the previous year. The operating ratio improved to 87.85 percent in 1966 as compared with 97.24 percent in 1965. Operating income, after payment of expenses and taxes assignable to railway operations, was \$494,000 contrasted with \$612,000 deficit in 1965. Net income was \$634,000 for 1966 in contrast with a deficit of \$555,000 in 1965. Average number of employees decreased 1.4 percent while compensation increased 4.7 percent.

On January 3, 1967, the Chicago, South Shore & South Bend Railroad became affiliated with C. & O.-B. & O. under a November 14, 1966 order of the Commission authorizing C. & O. control of South Shore. This is the largest electric railway and serves the industrial area between Chicago, Ill., and South Bend, Ind.

Further reclassifications, effective January 1, 1967, reduced the total number of electric railways reporting to the Commission to 10. The Trenton-Princeton Traction Co. and Warwick Railway Co. are now considered class II line-haul railroads, and the Omaha, Lincoln & Beatrice Railway Co. reports as a switching and terminal company.

*Motor Carriers of Property*

In 1966, operating revenues of motor carriers of property reached \$10.8 billion, an increase of 7.8 percent over 1965.

Class I intercity carriers numbered 1,155, or 33 more than in 1965. Their operating revenues totaled \$7.9 billion in 1966, an increase of 11.1 percent over the previous year, with revenues from all types of operations showing improvement. Net carrier operating income increased by 6.9 percent and the operating ratio changed from 94.05 percent in 1965 to 94.47 percent in 1966.

Net carrier operating property plus working capital rose by 12.7 percent above the previous year. The rate of return was 19.47 percent compared with 20.52 percent. Net income showed an improvement of 2.4 percent, while shareholders' and proprietors' equity rose by 4.1 percent, resulting in a change in the ratio of net income to shareholders' and proprietors' equity from 15.98 percent in 1965 to 15.72 percent in 1966.

Class I local carriers of property numbered 91 in 1966 compared to 85 the year before. Their operating revenues in 1966 totaled \$567.8 million, 16.2 percent more than in 1965. With a 16.7-percent increase in expenses, the operating ratio changed from 95.50 percent in 1965 to 95.90 percent. The ratio of net carrier operating income to net investment in transportation property plus working capital, which had been 13.52 percent in the previous year, was 12.54 percent in 1966. Net income was higher by 48.7 percent and the ratio of net income to shareholders' and proprietors' equity increased from 14.48 percent in 1965 to 17.09 percent in 1966.

*Motor Carriers of Passengers*

There were 166 class I intercity motor carriers of passengers in 1966 compared with 155 in 1965. Total operating revenues of the carriers increased from \$635 million in 1965 to \$645.9 million in 1966, despite a decrease in revenues of these carriers from their local and suburban schedules from \$37.9 million in 1965 to \$14.1 million in 1966. Revenues from passenger intercity schedules in 1966 advanced 5.2 percent from the previous year to \$477 million. Charter and special service revenues continued their upward trend in 1966, amounting to \$72.6 million, 8 percent above 1965. Other operating revenues increased 7.4 percent to \$82.2 million in 1966.

Reflecting a relatively greater increase in operating revenues than in operating expenses, the operating ratio of the intercity carriers declined from 84.73 percent in 1965 to 84.13 percent in 1966. Net carrier operating income, amounting to \$90 million in 1966, was 0.4 percent above 1965. However, net income, which was \$21.6 million in 1966, was 6.6 percent below 1965. These carriers paid \$37.7 million in income taxes in 1966, 0.2 percent below the previous year.



Although net carrier operating income increased in 1966, net investment in transportation property plus working capital declined 0.7 percent. As a result, the rate of return increased from 29.80 to 30.15 percent. The ratio of net income to shareholders' and proprietors' equity increased from 17.66 to 18.14 percent.

Preliminary information for the first half of 1967 indicates an increase of 8.7 percent in operating revenues of the intercity passenger carriers over the same months of 1966. Operating expenses, however, showed an even greater increase and resulted in an increase in operating ratio from 90.77 to 92.70 percent. Net income decreased to \$3.8 million.

The number of class I local motor carriers of passengers increased from 74 in 1965 to 75 in 1966. Operating revenues of this group decreased from \$183.6 million in 1965 to \$168 million, or 8.5 percent, in 1966. As a result of a relatively larger decrease in operating revenues, the operating ratio rose from 95.79 to 96.58 percent in 1966. Net carrier operating income decreased 22.2 percent while 1966 net income decreased 12.7 percent. The ratio of net carrier operating income to net investment in transportation property plus working capital declined from 7.16 percent in 1965 to 6.81 percent in 1966. The ratio of net income to shareholders' and proprietors' equity decreased from 8.86 to 7.64 percent in 1966.

As shown in appendix G, table 45, the operating revenues for the same number of carriers (93) were \$89.9 million in the first half of 1967, an increase of 6.5 percent over the comparable period in 1966. The operating ratio improved from 98.13 to 97.63 percent. Net income in the first 6 months of 1967 increased to \$1.8 million, a 57.2-percent increase over the corresponding half year in 1966.

### *Water Carriers*

Freight, passenger, and auxiliary operations performed by the domestic classes A and B water carriers experienced moderate to sizable increases in 1966. Total waterline operating revenues of the inland and coastal waterways carriers amounted to \$298.1 million, an increase of 5.5 percent above the 1965 total of \$282.6 million. Freight revenues of \$221.6 million were 8.1 percent above the \$205 million reported for 1965, and passenger revenues rose to \$9.4 million, an increase of 16.2 percent above the \$8.1 million received in 1965.

Higher waterline operating expenses incurred during 1966 were 5.9 percent above those of the previous year, and the operating ratio increased from 85 percent in 1965 to 85.35 percent in 1966. Net revenue from waterline operations amounted to \$43.7 million, an increase of 2.9 percent over the \$42.4 million in 1965, while net income, including noncarrier operations, increased from \$27.9 million in 1965 to \$31.5 million in 1966, a 12.8-percent gain. The rate of return from waterline



operations on net investment in transportation property plus working capital was 14.99 percent, compared with 15.23 percent in 1965, and the ratio of net income to shareholders' equity, 12.45 percent, was 0.53 percentage points higher than that of 1965.

Preliminary reports for the first 6 months of 1967 show that freight revenues decreased despite an increase in tons carried. Passenger revenues exceeded the level achieved during the comparable period of 1966, while the number of passengers carried declined.

### *Freight Forwarders*

The financial condition of class A freight forwarders continued a trend of improvement in 1966.<sup>7</sup> Transportation revenues totaled \$526.8 million, up 14.7 percent over 1965, and transportation purchased from carriers handling forwarder traffic was up 12.9 percent. Incidental revenues increased 21.9 percent. As a result, total operating revenues increased 18.4 percent to \$184 million. Operating expenses increased by 17.7 percent. The total revenue from forwarder operations, augmented by other income, was \$24.5 million. After deducting income taxes, fixed charges, and other deductions from this figure, a net income of \$11.8 million remained, up 3.9 percent from 1965.

The ratio of revenue, less taxes, from forwarder operations to net investment in transportation property plus working capital declined from 93.21 percent in 1965 to 80.5 percent in 1966, and the ratio of net income to shareholders' equity declined from 58.3 percent in 1965 to 56.75 percent in 1966.

Quarterly reports filed by freight forwarders for the first half of 1967 indicate an increase of 0.6 percent in operating revenues with an operating ratio of 92.25 percent compared with 88.13 percent for the same months of 1966. Revenues from forwarder operations of \$6.8 million were lower by 34.3 percent than in the 1966 period. Net income for the period was \$2.5 million, 60 percent lower than in 1966.

### *Pipelines*

Oil pipeline companies regulated by the Commission continued to prosper in 1966. Total trunkline mileage operated was 5.8 percent greater than in the previous year. The crude oil trunkline systems increased the number of barrel-miles from 1.12 trillion in 1965 to 1.18 trillion in 1966, an advance of 5.4 percent. The trunkline systems of refined oil products increased product movement by 14.8 percent, from 626.8 million barrel-miles in 1965 to 719.7 million in 1966.

Total operating revenues in 1966 of \$916 million represented a 4.1-percent increase over the preceding year. Operating expenses increased

<sup>7</sup> The freight forwarder data discussed here for the years 1965 and 1966 are not entirely comparable because of changes in the number of reporting carriers. In 1966, 61 carriers reported, compared to 59 in 1965.

3.6 percent from \$497.4 million in 1965 to \$515.5 million in 1966. The increase of 4.1 percent in operating revenues, combined with the 3.6-percent increase in operating expenses decreased the operating ratio slightly to 56.27 percent.

Net revenues from operations in 1966 were the highest reported amounting to \$400.6 million, an improvement of 4.8 percent over 1965. Net investment in transportation property plus working capital increased by 8.8 percent in 1966. The ratio of net revenue from operations to net investment in transportation property plus working capital was 14.84 percent compared with 15.38 percent in 1965.

Net income of \$232.9 million in 1966, representing consolidated corporate transactions including pipeline operations, was \$17.4 million or 8.1 percent more than reported in 1965. The ratio of net income to shareholders' equity reached 16.5 percent, compared with 16.25 percent in 1965.

### TRANSPORT LABOR

The reporting year which ended June 30, 1967, was a turbulent one for management-labor relations. Two situations threatened transportation service nationally. The first was a truck lockout called April 9, 1967, by Trucking Employers, Inc. (TEI), managements' bargaining agent for the trucking industry. The second, a threatened national work stoppage by rail shopcraft unions, was averted temporarily by emergency congressional legislation. In both of these instances, the Commission was called upon to take emergency precautions to keep itself fully cognizant of the rapidly changing economic picture and to work in cooperation with other responsible Federal agencies.

TEI called the truck lockout following a series of isolated work stoppages or walkouts by individual Teamster locals throughout the country, during negotiations on a new national contract. The first national Teamster contract, negotiated 3 years earlier, expired on March 31, 1967.

Cognizant of the damaging effects to public welfare and safety which could result from disruption of national truck service, the Commission on April 10, 1967, activated emergency plans to assist in easing the crisis. Through general temporary order No. 3, grants to motor carriers for emergency temporary authority to transport passengers or property were authorized upon certification of the emergency need by district supervisors and regional directors of the Bureau of Operations.<sup>8</sup> Field offices were ordered to furnish assistance to shippers, carriers, and the general public in obtaining alternative services and equipment to meet urgent needs.

With the exception of Chicago, where some Teamster locals and trucking companies engaged in a walkout-lockout as late as May, the

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<sup>8</sup> See p. 34.



3-day national truck lockout ended April 12, 1967. Full service was not restored in the Chicago area, however, until the union and the trucking industry reached new agreements on May 4. The new 3-year national contract was ratified by Teamster union rank-and-file membership through mail vote which was completed by the end of May. It provided for hourly wage increases of 25 cents the first year and 15 cents hourly in each of the succeeding 2 years. The balance of the 76-cent package won by the union in the new contract contained increased mileage payments, health and welfare benefits, pensions, vacations, and cost-of-living pay increases.

The rail shopcraft union dispute, which occurred concurrently with the truck labor crisis, threatened a second national work stoppage beginning April 13, 1967. All of the delaying provisions of the Railway Labor Act had previously been invoked. Twice the President and Congress acted to postpone the stoppage date and prevent a national emergency in which practically all rail operations throughout the country would have been halted. On April 12, the President signed into law a resolution, passed by Congress at his request, extending the strike restraint provisions of the Railway Labor Act to May 3. When little progress toward settlement was made during the extension, combined presidential-congressional action postponed a national walkout and provided for an additional extension of negotiations to June 19, 1967.

Following enactment of the second resolution delaying the threatened stoppage, the President recommended legislation to settle the controversy. The dispute centered on the unions' demands for a 21-percent increase in wages. Most of the other rail labor unions had previously accepted a 5-percent wage increase. The proposed legislation, planned to deal solely with the shopcraft dispute, provided for creation of a special five-member mediation board to mediate the dispute for a 90-day period during which no lockout or work stoppage would be allowed. If settlement was not reached in the 90-day period, the proposed legislation required that determination of the special board for settling the controversy would become effective until the parties reached agreement or for a period not to exceed 2 years from January 1, 1967.

When Congress encountered difficulties in agreeing on the proposed legislation, the union heads withdrew their promise not to walk out and on July 16 union members began a walkout which disrupted rail operations on a nationwide basis. Confronted with the walkout's chaotic effect on the Nation's economy and defense efforts, Congress on the following day enacted the legislation proposed by the President. The bill, now Public Law 90-94, was signed by the President on the



same evening of July 17, 1967. Under the requirements of the new law, national rail service was fully restored by July 19.<sup>9</sup>

Meanwhile, responsive to the emergency created by the walkout, the Commission had issued general emergency transportation order No. 1-67 requiring motor carriers and inland water carriers to give preference to movement of commodities according to priorities established by the Department of Transportation and the Office of Emergency Planning. On the same date, July 16, the Commission's division 1 issued general temporary order No. 4 permitting district supervisors and regional directors of the Bureau of Operations to certify the need for on-the-spot grants of emergency temporary authority to motor carriers for transporting property or passengers.

More than 4 years have lapsed since the January 1963 walkout by nonoperating unions on the Florida East Coast Railway. Although the dispute remains unsettled, the carrier has continued to maintain freight and limited passenger operations by the use of supervisory or nonunion personnel.

A ruling on May 12, 1967, by a Federal appeals court added another chapter to the continuing litigation accompanying the 8-year-old work rules dispute between rail management and labor. In ruling on a series of cases dealing with the dispute, the appeals court upheld a Federal district court's ruling denying restoration of firemen's jobs upon expiration of the 1963 Federal arbitration award. This award had provided for gradual elimination of most of the railroad firemen positions. At the same time, the appellate court, reversing an earlier district court's decision, held that the railroads violated the Railway Labor Act in failing to bargain in good faith on work rules to take effect after expiration of the award. On July 31, 1967, a U.S. appeals court rendered still another decision which appears likely to generate additional controversy and court action. The court held that the railroads must use firemen on all new train runs. However, the court also ruled that the railroads were not required to fill jobs which they were entitled to abolish under the arbitration award, although the roads had not done so before the expiration of the award.

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<sup>9</sup> On September 15, 1967, the 5-man panel created under P.L. 90-94 recommended a general wage increase of 11 percent over a 2-year period.

## ENFORCEMENT

The enforcement activities of the Commission for three-quarters of the fiscal year included both safety and economic matters. As a result of the establishment of the Department of Transportation and transfer of the Commission's safety functions to it, our enforcement program during the final quarter of the year was devoted solely to the economic area. While the Commission's economic responsibility is generally supported by the transportation and shipping industries, the success of regulation ultimately can be measured by the effectiveness of the enforcement program. To insure that the transfer of safety functions would not be accompanied by a deterioration in carriers' adherence to economic requirements of the Commission, a nationwide road check was initiated soon after the transfer. This was the first large-scale enforcement-inspection exclusively concerned with economic violations.

### *Highlights*

- Operations purportedly under exemption come under continued Commission and court scrutiny.
- Elkins Act fines for rebates and concessions amount to almost half a million dollars in sugar, cosmetics, fictitious transportation, and demurrage cases.
- Misapplication of railroad assets leads to \$58,400 in fines and prison terms for company officials involved.
- Provision of for-hire interstate motor carriage without required authority in so-called gray area situations continues despite effective enforcement efforts where discovered.
- Collateral attack on Commission orders in court enforcement proceedings barred as contrary to the statutory scheme for judicial review of agency orders.

## PURPORTED EXEMPT OPERATIONS

### *Agricultural Cooperatives*

Section 203(b) (5) of the act exempts from economic regulation "motor vehicles controlled and operated by certain cooperative associations or by a federation of such cooperative associations." The Commission has continued to be confronted with situations in which a bona fide cooperative association transports members' goods to market. This transportation is within the exemption, but, in order to reduce the cost

of operations, the association transports return loads of merchandise in which neither it nor its members have an interest. Since *Northwest Agricultural Coop. Assn. v. Interstate Commerce Commission*, 350 F. 2d 252 (1965) cert. denied 382 U.S. 1011, holding that any commodity could be transported even for nonmembers if it is a "return load" and is "incidental and necessary" to continued operation of the cooperative, there has been increasing difficulty with this section; but certain recent decisions of the Commission might now provide industry with helpful guidelines.

In a proceeding designated as one of general transportation importance (*Edgerton Coop. Oil Assn.—Investigation*, 105 M.C.C. 100), division 1, on May 12, 1967, dealt with another agricultural cooperative applying the *Northwest* "necessary and incidental" test to reach the conclusion that respondent was engaged in for-hire transportation. There is now considerably more activity on behalf of questionable agricultural coops. Advertisements have been appearing in leading commercial and transportation publications by purported agricultural coops soliciting return loads, and citing the legality of performing such return movements by virtue of the decision in the *Northwest* case. We are having some success in prosecuting unlawful operations conducted under the guise of exempted activities within the purview of section 203(b) (5). In the district of Minnesota, following their conviction by a jury, Chatsworth Cooperative Marketing Association and its dominant executive, Jack H. Smith, were each fined \$250 per count on 23 counts, for a total of \$11,500. The jury convicted the defendants for operating without authority, rejecting the contention that Chatsworth was a bona fide cooperative within the exemption of section 203(b) (5). The court there ruled that the burden was on the defendant to establish its status as a bona fide cooperative within the terms of the exemption.

### *Shipper Associations*

On August 25, 1966, the U.S. Court of Appeals for the Third Circuit confirmed the judgment of the U.S. District Court for the District of New Jersey in the case of *I.C.C. v. International Shippers Association of New Jersey, et al.*, 363 F. 2d 878. This involved an injunction to restrain a shippers' association and its executive director from engaging in for-hire motor carrier operations. They claimed exemption under the provisions of section 402(c) (1) of the act. This section exempts from regulation those groups or associations of shippers which consolidate and distribute freight on a nonprofit basis. Two interesting contentions were advanced by the association and its director, i.e.: (1) the association by qualifying under the provisions of section 402(c) (1) is not only not a freight forwarder but exempt from all regulation under the Interstate Commerce Act including part II, and (2), the association's status is that



of a private carrier by motor vehicle and its motor carrier operations are therefore exempt from economic regulation under part II. The court found no merit in either contention. It restrained a shipper-member of the association from participating in transportation of the type involved and enjoined the shippers' association from violating not only section 209(a) of the act, but also sections 203(c) and 206(a). This decision thus goes one step further than the leading case of *Shippers Cooperative, Inc. v. Interstate Commerce Commission*, 308 F. 2d 888, which enjoined the shippers' association activities in terms of section 209(a) (contract carriage) aspects.

### *Shippers' Agents*

Section 402(c) (2) grants an exemption from regulation to the operations of a warehouseman, or other shippers' agent, in consolidating or distributing pool cars and whose services and responsibilities are confined to the terminal area where that operation is performed. The exemption provides ostensible cover for some operators who are in truth offering an unauthorized through freight forwarder service with operations at both origin and destination. A number of Commission investigations of activities of this type are in process and our continued attention is being given to the abuse of this exemption by those who do not fall within its terms. A typical current Commission proceeding which will consider the applicability of this exemption to the "agent's" particular operations is No. FF-C-24, *Genex Terminal Company, Chicago, Illinois, Investigation of Operations*.

### REBATE AND CONCESSION CASES—ELKINS ACT

#### *Sugar*

Fines aggregating \$341,500 were collected during the past year in partial disposition of a series of rebating cases involving both rail and water transportation of sugar shipments into the Chicago, Illinois-Gary, Ind., area. In each case, the carrier's tariffs provided that when a rail carload or a bargeload of sugar arrived at a destination terminal, the car or barge shipment could be split into lots of not less than 30,000 pounds for delivery by truck to more than one ultimate consignee. The rail or barge carrier would then pay the local cartage charges for this split delivery. In the cases in issue, the rail and barge carriers, disregarding the split delivery provisions of the tariffs, paid either the consignees who received the total carload or bargeload shipment, or a cartage company, for split deliveries of sugar which were not in fact performed. When the cartage companies received such payments, they passed all or a portion of the unearned cartage payments on to the consignees.

The rebates in the first of these cases, were granted at Gary, Ind., over an 8-year period, first by the Wabash Railroad Co., and then by

its successor, the Norfolk & Western Railway Co. The economic impact of this rebating was felt not only in the Gary area but in sugar markets in Michigan, Ohio, and Pennsylvania where the recipient of the rebates was able to undersell competitors due to its favorable position resulting from the rebates. The Norfolk & Western Railway Co. entered pleas of *nolo contendere* to 15 counts of an Elkins Act information charging the granting of rebates. It was fined \$30,000. On February 3, 1967, the recipients, namely, Crown Warehouse & Transportation Co., Inc., and the affiliated Indiana Wholesale Food Supply Corp., both of Gary, Ind., entered *nolo contendere* pleas to 13 counts of receiving rebates and each was fined \$19,500.

More recently, the Illinois Central Railroad was fined \$120,000 at Chicago for violating and conspiring to violate the Elkins Act in connection with the same type of transportation of sugar at less than published tariff rates. Two shippers were fined for receiving such rebates, the Fink Corp. being required to pay \$55,000 and Peanut Specialty Co. \$20,000. Faucher Bros. and Star West cartage companies were fined \$2,000 and \$2,500, respectively, for their participation in the conspiracy to violate the Elkins Act. There is still pending a case against another shipper and a cartage company for receiving rebates from the Illinois Central Railroad.

Also at Chicago, the Chicago & Northwestern Railway Co. paid a fine of \$55,000 for violating the Elkins Act in granting similar rebates on sugar shipments, and a recipient of the rebates, Urban F. Myers & Co., was fined \$18,000. Elkins Act sugar shipment rebate cases are also being pursued at Chicago against five barge lines and one barge shipper.

### *Cosmetics*

Fines totaling \$25,600 were imposed against Revlon, Inc., and its wholly owned subsidiary, Knomark, Inc., after their separate pleas of "no contest" at Newark, N.J., to criminal informations charging Revlon with 19 violations of the motor carrier provisions of the Interstate Commerce Act and 20 violations of the Elkins Act, and charging Knomark in nine counts of aiding and abetting violations of the motor act.

The cosmetics company, Revlon, Inc., was charged with soliciting and receiving concessions from Eastern Motor Express, Inc., and Top Hat Trucking Co. in violation of the Interstate Commerce Act, and soliciting and receiving concessions from the Pennsylvania Railroad Co. in violation of the Elkins Act. These concessions, involving both motor and rail transportation, were based on Revlon's payment of less than the carriers' published detention charges applicable when trailers are delayed for loading. The trailer detention charges in relation to rail shipments accrued in connection with rail plan II piggyback transportation, in which the railroad furnished trailers for a complete railroad door-to-door service.



Revlon was also charged with other Elkins Act violations resulting in the transportation of its property at less than applicable tariff rates in rail plan II and plan III piggyback service. In some instances, without declaring a limited valuation on its shipments, Revlon, nevertheless, accepted the lower plan II rate applicable to released value shipments. On other shipments Revlon accepted a low plan III transportation rate for two trailers on a flatcar knowing that the shipments did not qualify for that rate because they had not been submitted to the carrier on the same calendar day, or, the carrier had actually performed a complete plan II door-to-door service.

Knomark, Inc., Revlon's subsidiary, was charged with aiding and abetting Esquire Trucking, Inc., in conducting for-hire transportation in interstate commerce without authority. The apparent effect of Knomark's use of Esquire to transport goods over Esquire's unauthorized routes was to enable Knomark to avoid payment of higher published transportation charges to common carriers operating over authorized routes.

#### *Rail Rebate Involving Fictitious Motor Carrier Transportation*

On April 10, 1967, the U.S. District Court at Newark, N.J., imposed a fine of \$8,000 against Pep Trucking Co., Inc., after the latter's plea of "no contest" to eight counts of information charging violations of the Elkins Act. Defendant's plea was entered after the Government, in argument presented by the Commission's counsel, had prevailed over the defendant's motion to dismiss, which motion was based on the grounds that the Elkins Act applied only to railroads and shippers and did not apply to a local cartage company under the particular factual situation. (*U.S. v. Pep*, 261 F. Supp. 480.)

Factually, each count of the *Pep* case information involved a separate rail shipment transported by the Pennsylvania Railroad Co. and its connecting rail carriers from a Virginia origin and consigned to the shipper or defendant Pep Trucking Co. at the off-line Desbrosses Street station of the railroad in New York City. Pep had entered into a contract with the railroad in which Pep undertook to perform tractor trailer service of carload freight from the rail carrier's Jersey City terminal to its Desbrosses Street, New York, station for 10¼ cents per hundredweight. This contract indicated that the tractor trailer service was authorized pursuant to designated rail tariffs. The contract also provided that in order to collect from the railroad for delivery of the freight at the rail carrier's Desbrosses Street station, Pep was required to register such deliveries at Desbrosses Street. Pep never transported the shipments from Jersey City to New York City, but, instead, delivered the shipments to a designated point in New Jersey. Pep then charged the railroad for the New York delivery service which had not been performed. The result was that the rail tariff rate on the actual



rail handling of the shipment from its Virginia origin to Jersey City was reduced by the amount of the unauthorized cartage payment.

### *Demurrage*

Elkins Act fines aggregating \$90,000 were imposed against Bethlehem Steel Corp. and Northern Pacific Railway Co. on March 31, 1967, by the U.S. District Court at Seattle, Wash. Both corporations, through counsel, had offered pleas of *nolo contendere* to 30 counts of criminal informations charging the carrier with granting, and the steel company with receiving concessions resulting from the failure of the carrier to assess and the shipper to pay demurrage charges on rail carload shipments. The defendants were each found guilty and fined \$1,500 per count of the 30-count informations (\$45,000).

The concessions were granted and received over a period of many years and were hidden by devices employed by both the carrier and shipper. One of the devices employed in reducing or eliminating demurrage was the computation of detention time for loading cars, based on fictitious dates of the actual placement of cars on Bethlehem's industrial interchange tracks. The other device consisted of assessing and collecting charges on intraplant switching of cars during their detention in Bethlehem's plant, when both defendants knew that such switching services had not been performed and such charges had not been accrued. Each time this arrangement was employed, Bethlehem gained 4 days' additional free time and avoided from 5 to 21 days of excess demurrage.

### CLAYTON ACT AND CRIMINAL CODE

Cases arising out of the misapplication of assets belonging to the Boston & Maine Railroad were successfully concluded by the imposition of fines totaling \$58,400 and the sentencing of four individual defendants to prison terms of 18 months each. The penitentiary terms were meted out to Patrick B. McGinnis, former chairman of the board and president of the carrier; Daniel A. Benson, then carrier president; George F. Glacy, carrier vice president, and Henry Mersey, president of International Railway Equipment Corp.

The individual prison terms resulted after trial and conviction for violating section 660 of the U.S. Criminal Code, title 18, by the sale of 10 stainless steel railway cars to International Railway Equipment Co. for \$250,000 despite the existence of a better purchase offer of \$500,000 for the same equipment. The participating B. & M. officials received a total of \$71,500 in payoffs from the purchasing firm and thereby converted to their own use funds which were properly the property of the Boston & Maine Railroad. The convictions were upheld upon appeal. *Glacy v. United States*, 361 F. 2d 31, and certiorari denied on October 10, 1966, 385 U.S. 831. In addition to sentences to

imprisonment, fines totaling \$17,500 were imposed upon the defendants.

A second case charged the previously named railroad officials and a director, Maurice A. Traverse, with (1) violating the Clayton Act by leasing trailers from Traglam, a company in which they had a stock interest, without competitive bids being sought for the service; (2) violating section 660 of the Criminal Code by misapplying and converting \$1,563,988 to their own use in the form of payments for the trailer service; and (3) conspiracy to misapply and convert the aforesaid funds. This case was disposed of upon guilty pleas by the defendants to a number of the outstanding counts and by the imposition of \$34,200 in fines.

In a third case Messrs. McGinnis, Benson, Mersey, and Glacy; United Salvaging Co.; International Railway Equipment Co.; and International Petroleum Corp. entered "no contest" pleas to charges of conspiracy to misapply and convert, and actual conversion of the value of certain carrier coaches in violation of sections 371 and 660 of the Criminal Code. Fines totaling \$6,700 were imposed on the defendants.

In a related action, arising out of the same Commission investigation of the Boston & Maine, the U.S. District Court at Boston entered a decree ordering the payment of a \$10,000 forfeiture by the Boston & Maine Railroad for its initial and continuing refusal to allow employees of the Commission access to, and the right to copy, company records. The decree also required the carrier to make the records available to Commission representatives. This civil suit was commenced pursuant to section 20 (5), (7), and (9) of the Interstate Commerce Act after the Boston & Maine Railroad, acting through its attorneys, refused to allow members of the Commission's field staff to inspect and copy certain carrier records. The Commission representatives had displayed proper credentials and made demand to exercise their statutory visitorial right. The carrier refused on three grounds, namely, that the documents sought were (1) the personal property of carrier directors, (2) that the requested material was subject to the attorney-client privilege, and (3) that the material was defamatory in nature and could subject carrier officials to suits for libel.

Such a denial of information if allowed to prevail, could impair the Commission's ability to evaluate the effect of carrier transactions and their relation to the public interest.

#### GRAY AREA

##### *Automobile Driveaway*

During the year the transportation of automobiles under their own power with drivers furnished by driveaway companies purporting to



be mere employment services has continued to be one of the troublesome so-called gray area type of operations.

On March 23, 1967, Harold Johnson O'Brien was sentenced at Washington, D.C., to 75 days' imprisonment on a contempt of court conviction, arising out of his continued activities involving unauthorized driveaway transportation of passenger automobiles from city to city. The severity of this sentence is exemplary and should aid us in this difficult enforcement area.

This same enforcement problem continued in the Miami Beach area following in the wake of injunctions obtained by the Commission against several driveaway operators within the last 2 years. In at least two instances the principals this year continued their operations without breaking stride. The effect of the court injunctions issued in this area has been interesting. In the one case there has been open defiance of the court's decree without any attempt at concealment. In the other case the injunction drove the operator "underground." He apparently formed or caused to be formed several corporations for the purpose of carrying on his driveaway activities. Although he is neither a stockholder nor an officer of any of these companies, he is reportedly behind each of them. Individuals who have been associated with him in the past actually organize and run these operations. The Commission received absolutely no cooperation from any of these individuals and, in fact, each time Commission investigators have laboriously tracked down the cars transported and obtained evidence from the customers of the driveaway service, the operation folds up and the corporation is dissolved. Immediately another operation is set up at a new location, ostensibly run by different individuals, but actually organized and directed by the same principal, according to the observations of authorized operators and others at Miami Beach. In June 1967, two of the principals in the more openly conducted operations were fined following their pleas of guilty to the charge of criminal contempt of court and the court indicated that, if violations of the injunction continue, additional and more severe fines will be imposed. The contempt of court case involving the more "underground" operation is being pursued; and as a result of these cases the Miami Beach auto driveaway situation is expected to improve.

### *Buy and Sell*

We have continued our program of deterring unauthorized transportation activities which have, through "buy-and-sell" activities, been designed to give the appearance of legitimate private carriage. In *Wilko Corp.—Investigation of Operations*, 103 M.C.C. 201 (1966), we found that the transportation by Wilko Corp. of corrugated, scored, and slotted cardboard sheets (in bundles), salt, and fish meal, which were purchased by Wilko Corp. at various points and sold



to consignees in North Carolina and Virginia, constituted for-hire carriage.

Similarly in *T & T Supply, Inc.—Investigation of Operations*, 103 M.C.C. 946 (1966) we found that T & T Supply, Inc., while primarily engaged as a jobber, or a secondary supplier, of some 126 chemical products, was conducting certain operations as a for-hire carrier by motor vehicle without appropriate authority, under buy-and-sell arrangements involving the transportation of (a) potassium chloride from Carlsbad, N. Mex., to Muscle Shoals, Ala.; and (b) alumina from Bauxite, Ark., to Big Spring, Tex.

On May 4, 1967, an opinion and order of a three-judge district court in the northern district of Iowa was entered, setting aside the order of the Commission in No. MC-C-4038, *Farmers Feed & Supply Co.—Investigation of Operations*, 96 M.C.C. 409. The Commission's order had required both the plaintiff-corporation and its predecessor in interest, an individual who was the plaintiff's manager and probably sole stockholder, to cease and desist from engaging in certain buy-and-sell activities. The corporate plaintiff was the only appellant but the court found that the operations, when performed by the individual predecessor, were primarily transportation in that most, if not all, of the factors in the primary business test would apply to him. However, the court found there was no substantial evidence in the record to show that any illegal activities were conducted by the corporation after it was organized January 1, 1963. In that connection the court said that there was no evidence which would justify the piercing of the corporate veil; that a one-man corporation can be valid; and that there was no substantial evidence to show the corporation to be a sham.

#### *Vehicle Leasing With Driver Service*

It appears that the Commission and court decisions are being interpreted by the leasing industry in many areas to allow the leasing company to also provide drivers where its services in connection with the drivers only relate to preparation of the payroll. Recently, arguing this interpretation of the leading decisions, a large "rental" company (John J. Casale, Inc.) pleaded "not guilty" in an unauthorized operations case which was tried in the district court of Connecticut. A "guilty" verdict was returned and this case is pending on appeal.

The leading cases on equipment and driver service are also causing a substantial increase in transportation accomplished through the use of vehicles provided by one source and drivers by another, on the assumption by some that nothing more is required. The net effect of this arrangement is that the shippers relieve themselves of the burdens of transportation to the same extent as those who use regulated

carriers, except that in this arrangement the economic aspect of the transportation is wholly unregulated.

#### ENFORCEMENT OF COMMISSION ORDERS

The Commission's position that no collateral attack may be made upon its order in an enforcement proceeding before a single-judge district court was ratified by the U.S. Court of Appeals for the Fifth Circuit in *United States v. Southern Railway Company*, 364 F. 2d 86, certiorari denied, 386 U.S. 1031. The court of appeals held that the usual district court has no jurisdiction to pass upon the validity of a Commission car service order in a civil enforcement proceeding inasmuch as the Congress, by statutory provision, has specified procedures for challenging Commission orders, first administratively, and then before specially convened three-judge district courts. The court of appeals further held that the Commission may issue a car service order upon a finding that in the Commission's opinion an emergency shortage of boxcars exists, even though the emergency may be the result of chronic economic conditions. A similar decision was reached by the U.S. Court of Appeals for the Fourth Circuit in *United States v. Southern Railway*, 380 F. 2d 49.

## THE PASSENGER SITUATION

Wide-range programs of research, demonstration, and technological development for improving the attractiveness, speed, and convenience of intercity rail passenger service along the east coast were initiated by the Federal Government in 1966. Federal demonstration projects scheduled to be operational in late 1967 carried positive implications for the preservation of essential rail systems and service. The Commission sought legislative authority to permit a wider range of flexibility in equating public need for rail passenger services with the carriers' capability and responsibility to provide these essential facilities.

### *Highlights*

- Number of rail revenue passengers increased as a result of growth in commuter riding.
- Improved rail service between Washington and New York was scheduled to begin early in 1968; further improvements are planned.
- Buses provided 22.6 percent of total intercity passenger-miles generated by regulated common carriers in 1966.
- Charter, special service, and express revenues now constitute over 20 percent of total intercity class I motor bus operating revenues.

## RAIL PASSENGER SERVICE

The 80th Annual Report to Congress noted that the most optimistic aspect of the 1965 rail passenger situation was the growing concern and increased willingness at all levels of government to cooperate in the preservation of essential rail passenger service. This continues to be the dominant theme of the 1966 rail passenger picture. Although there was an increase of 1.5 million rail revenue passengers in 1966, compared with 1965, this was a gain in commuter patronage only. Rail passenger revenues and revenue passenger-miles continued to decline; however, the 1966 decline was substantially less than in the prior year. During 1966, no class I railroad discontinued all of its passenger service.

By September 30, 1966, the High Speed Ground Transportation Act had been in effect for 1 full year. All of the programs initiated thereunder were subsequently transferred in their entirety from the Department of Commerce to the newly created Department of Trans-



portation. Liaison between the Interstate Commerce Commission and Commerce and the high-speed ground transportation program had been effectuated prior to the establishment of the new Department. This cooperative relationship to encourage passenger research and development, while minimizing duplicating or overlapping efforts, continued in full force. The Commission's interest in this area stems from its economic regulatory responsibilities involving railroad rates and services, trackage rights, construction and abandonment of tracks, issuance of carrier stocks and securities, mergers of carriers, and effect of the new operations on possible discontinuance of passenger trains.

Accelerated rail service between Washington and New York City was scheduled to begin October 29, 1967, with a fleet of 50 new electrically propelled, multiple-unit passenger trains placed in operation by the Pennsylvania Railroad as part of a demonstration program not to exceed 2 years. These cars contain many improvements in passenger comfort and permit greater frequency of service and a reduction of 35 minutes in the fastest existing schedule. The date of service initiation was subsequently postponed to early in 1968, when equipment deliveries were delayed.

Research also was going forward on the development of even faster passenger equipment. Trains capable of speeds up to 155 miles an hour were demonstrated on a specially prepared section of track in New Jersey on May 24, 1967. The four experimental cars which were tested were built for DOT by the Budd Co. under a \$1 million contract.

A further 2-year demonstration of a novel gas turbine train, leased from United Aircraft Corporate Systems, was initiated in early 1967. Proposed to begin in early 1968 was an 11-hour auto-train service between Washington, D.C., and Jacksonville, Fla. Passengers in this experiment would drive their automobiles onto specially constructed coaches and drive off at destination, a distance of 755 highway miles, in less than 12 hours.

On April 25, 1967, the Chairman of the Commission testified in support of rail passenger legislation embodied in H.R. 7004. While agreeing with the objectives and purposes of alternative bills H.R. 260 and H.R. 519, he expressed the view that these goals could be better achieved by passage of the first bill.

H.R. 7004 would give the Commission a greater measure of flexibility in dealing with passenger train discontinuances than is now possible under section 13(a) of the Transportation Act of 1958. Since the enactment of the earlier legislation designed to alleviate contemporary railroad financial conditions, more than 200 passenger train discontinuances have been proposed. Concern had been expressed within the Commission and by Members of Congress and State officials in respect to deficiencies which became apparent in the act.

The Commission-sponsored legislation, H.R. 7004, would extend the period of consideration of a discontinuance request from 4 to 7 months, and authorize the Commission to require continuance of service for an additional 2 months, if necessary to complete the investigation or act on petitions for reconsideration.

Another change provided by H.R. 7004 would clarify the burden of proof responsibility in these applications by requiring the railroad to make an affirmative showing that (1) public convenience and necessity would permit the proposed discontinuance, and (2) continuation of the service would constitute an undue burden on interstate or foreign commerce. Although the railroads have never refused to submit evidence on either of these points, it was believed that statutory assignment of the burden to the carrier would produce a more complete presentation in support of the original petition.

The proposed legislation would establish a new section 13a(3) providing for judicial review in U.S. district courts of ICC orders issued under the preceding portions of section 13(a). Another significant portion of the bill would give the Commission its first authority to condition its approval of a section 13(a) application on modifications or change in existing rail passenger operations. This authority would put the Commission in a position to adjust or to modify a proposed discontinuance in a manner equitable to both the public and the railroad, in contrast to an all-or-nothing choice.

The following table shows the changes between 1966 and 1965 in total number of revenue passengers, passenger revenues, and revenue passenger-miles reported by class I railroads. In 1966 the carriers transported 300.4 million revenue passengers which represented an increase of 1.5 million above the preceding year, all attributable to commuter service. Passenger revenues and revenue passenger-miles, however, both declined 1.7 percent.

	Revenue passengers	Passenger revenues	Revenue passenger- miles
	<i>Millions</i>	<i>Millions</i>	<i>Billions</i>
1966 .....	300.4	\$543.6	17.1
1965 .....	298.9	\$553.1	17.4
Percent change 1966 compared with 1965 .....	+0.5	-1.7	-1.7

### *Commuter Service*

The 2-year upward trend of commutation riders which terminated in 1965 appeared to have resumed in 1966. Because of adjustments required by the change in revenue classification of classes I and II railroads, totals for 1966 on the following table are comparable only with the preceding year. Considering the adjustments required by the



January 1, 1965 revenue reclassification of class I railroads, 1966 witnessed the highest levels of rail commuter patronage since 1960. In 1966, the total number of commuter revenue passengers rose 1.3 percent above 1965.

Commuter passenger revenues increased 2.4 percent in 1966, although the average fare paid per commuter rose less than 1 cent to 71.6 cents. Average length of commuter trips increased from 21.3 to 21.5 miles.

Data contained in the following table, summarized from reports of class I railroads between 1957 and 1966, show the total number of commutation and multiple-ride passengers, passenger revenues, and commuter revenue passenger-miles in each year.

Year	Commuter revenue passengers	Commuter passenger revenues	Commuter revenue passenger- miles
	<i>Millions</i>	<i>Millions</i>	<i>Billions</i>
1957.....	243.9	\$115.9	4.8
1958.....	240.2	123.6	4.8
1959.....	221.4	125.1	4.5
1960.....	203.0	122.4	4.2
1961.....	198.4	126.9	4.1
1962.....	194.5	126.7	4.0
1963.....	195.1	130.0	4.1
1964.....	198.2	134.2	4.2
1965 <sup>1</sup> .....	192.6	136.4	4.1
1966.....	195.1	139.7	4.2

<sup>1</sup> Data prior to 1965 should be adjusted for change in number of class I railroads. For details of 1964 adjustment, see *80th Annual Report to Congress*.

Source: Bureau of Accounts, Statement Q-220 (OS-B).

### *Intercity Service*

The relative declines in passenger service revenues and patronage in 1966 were less severe than those experienced by the carriers in 1965, after necessary adjustments for change in the number of reporting carriers. The two national political conventions and the opening of the World's Fair in New York City in 1964 caused a temporary halt in the downward trend. Intercity passenger revenues continued earlier declines, although the 1966 drop was only 3 percent below the previous year. Intercity revenue passenger-miles in 1966 also experienced the same relative decline below 1965. The average length of intercity revenue passenger trip by rail in 1966 was slightly above 122 miles, approximately 3 miles below the 1965 average. The mail and express revenues reported by class I railroads in 1966 also were below the reported 1965 totals.

The following table summarizes coach, parlor, and sleeping car operations of U.S. class I line-haul passenger railroads over the past 10 years.



Year	Revenue passengers	Passenger revenue	Revenue passenger- miles
	<i>Millions</i>	<i>Millions</i>	<i>Billions</i>
1957 .....	167.3	\$621.3	21.1
1958 .....	140.1	551.7	18.5
1959 .....	130.9	526.5	17.5
1960 .....	122.8	517.6	17.1
1961 .....	118.5	497.5	16.2
1962 .....	117.2	492.1	15.9
1963 .....	114.5	457.9	14.4
1964 .....	114.8	443.4	14.0
1965 <sup>1</sup> .....	106.3	416.4	13.3
1966 .....	105.3	403.7	12.9

<sup>1</sup> Data prior to 1965 should be adjusted for change in number of class I railroads. For details of 1964 adjustment, see *80th Annual Report to Congress*.

Source: Bureau of Accounts, Statement Q-220 (OS-B).

### BUS PASSENGER SERVICE

First estimates of 1966 intercity passenger-miles by regulated common carriers indicate that the motor bus industry is in second position, behind the airlines and ahead of the railroads. According to preliminary totals, almost 23 percent of total intercity passenger-miles, generated in 1966 by regulated for-hire carriers, were provided by motor bus companies. Railroads generated less than 16 percent of the 1966 total for-hire intercity passenger-miles. The improved position of the motor bus industry is a continuing reflection of the growth and improvement of the national system of interstate and defense highways, which tends to improve the relative competitive posture of the bus industry to serve intercity passengers and permits it to offer more persuasive passenger solicitations from the standpoint of schedule times and frequencies.

Charter and special service revenue passengers in 1966 were almost 10 percent above the preceding year. Revenues from these services represented 10.9 percent of total 1966 class I intercity motor bus operating revenues. Class I intercity motor bus express revenues also increased to almost \$65 million in 1966, also representing over 10 percent of the total class I intercity motor bus operating revenues.

All phases of operations reported by the combined class I motor carriers of passenger industry in 1966 increased above 1965. Revenue passengers were up 1.9 percent; passenger revenues increased 4.3 percent; and bus-miles operated rose 2.6 percent. The only noted declines in operations were numbers of revenue passengers and total bus-miles operated on local and suburban schedules. The combined industry growth in 1966 was somewhat above that experienced in 1965 when a certain leveling-off of earlier growth trends occurred.

Average fare paid by class I motor bus revenue passengers in 1966 increased 3 cents, to \$1.055 per revenue passenger. The increase is probably attributable to the greater relative growth experienced in

intercity, charter, special services operations, and the declines in local and suburban schedules as shown in the following table.

*Passenger operations of class I motor carriers of passengers, 1966 and 1965*<sup>1</sup>

	Year		Percent change
	1965	1966	
	<i>Millions</i>	<i>Millions</i>	
Total:			
Revenue passengers.....	677.8	690.7	+1.9
Passenger revenues.....	\$698.6	\$728.9	+4.3
Bus-miles operated.....	1,183.5	1,214.2	+2.6
Intercity schedules:			
Revenue passengers.....	183.1	187.5	+2.4
Passenger revenues.....	\$468.4	\$489.3	+4.5
Bus-miles operated.....	847.4	870.3	+2.7
Local and suburban schedules:			
Revenue passengers.....	443.3	435.9	-1.7
Passenger revenues.....	\$129.1	\$130.4	+1.0
Bus-miles operated.....	184.3	180.6	-2.0
Charter or special service:			
Revenue passengers.....	61.4	67.3	+9.6
Passenger revenues.....	\$101.1	\$109.1	+7.9
Bus-miles operated.....	151.8	163.3	+7.6

<sup>1</sup> Compiled from 236 quarterly reports representing 237 motor carriers of passengers. Does not include operating reports of 14 carriers that failed to furnish complete data; in 1966, the operating revenues of the 14 carriers amounted to \$4,790,638, or 0.6 percent of the total operating revenues of 237 reporting carriers. Prior to 1966, none of the 14 qualified as class I carriers. Data in app. G are from annual reports of carriers.

Source: Bureau of Accounts, Annual Statement Q-750.

Intercity revenue passengers reported by class I motor carriers were up 2.4 percent above 1965. Intercity passenger revenues rose 4.5 percent.

Passenger revenues from local and suburban schedules in 1966 rose 1 percent above the preceding year, despite a reported drop of 1.7 percent in the number of revenue passengers. The largest reported decline in local and suburban scheduled operations was the 2-percent drop in bus-miles operated in 1966.

The greatest relative expansions in 1966 class I motor bus operations were experienced in the charter and special services field. Total number of revenue passengers exceeded 67 million, an increase of 9.6 percent above 1965. Charter revenue rose 7.9 percent, and total bus-miles operated in charter and special services were 7.6 percent above the preceding year.

The change in the relative importance of the various segments of the class I motor carriers of passenger industry is illustrated by the 1957-66 percentage comparisons for the industry shown in the following table. Percentages shown are not fully comparable, since the 1957 comparisons were derived from the reports filed by 203 class I motor bus operators, while the 1966 figures are based on reports of 237 firms. Relative percentages shown indicate the declining importance of local and suburban operations by class I motor carriers of passengers. In some instances, the total of percentages contained on the table may vary slightly from 100 percent due to rounding.

Despite 1966 relative declines in number of bus-miles operated in intercity schedules and passenger revenues, revenue passengers carried represented a greater percentage of the total class I motor bus operations than in 1957. The expansion of the charter and special service segment of the motor passenger industry is strikingly illustrated by comparisons of 1957 and 1966 reported totals. Proportionate to total industry operations, charter and special service revenue passengers in 1966 were more than twice as large as they were in 1957. Passenger revenues from these operations had increased proportionally almost 65 percent, and charter and special service share of total bus-miles operated had risen over 75 percent.

*Percent of total passenger operations, class I motor carriers of passengers, 1957 and 1966*

Type of service	Number of revenue passengers	Passenger revenue	Bus-miles operated
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Intercity schedules:			
1957.....	25.0	69.0	74.6
1966.....	27.1	67.1	71.7
Local and suburban:			
1957.....	70.7	21.9	17.9
1966.....	63.1	17.9	14.9
Charter and special:			
1957.....	4.3	9.1	7.5
1966.....	9.7	15.0	13.4

The final table of this section shows changes in selected measures of the absolute volumes of class I motor bus operations during the 10-year period shown on the preceding table.

The data show that only one segment of the class I motor passenger industry, charter and special services operations, enjoyed an absolute increase in number of revenue passengers since 1957. In part, this reflects the changing patterns of urban area developments and the increased reliance of both intercity and local travelers on privately owned automobiles. Despite a drop of over 26 percent between 1957 and 1966 in reported numbers of revenue passengers, 1966 local and suburban schedules continued to generate over 63 percent of the total revenue patronage reported by class I motor carriers of passengers.

Despite the drop of almost 18 percent in number of revenue passengers transported by class I motor carriers of passengers between 1957 and 1966, passenger revenues rose almost 50 percent during the period. Charter and special service passenger revenues were up 145 percent in the same 10 years. The class I motor bus industry operated 9 percent more intercity bus-miles in 1966 than in 1957, despite the 10-percent drop in revenue patronage. Charter and special service bus mileage increased 103.6 percent in the last decade.



*Passenger operations, class I motor carriers of passengers, 1957 and 1966*

Type of service	Number of revenue passengers	Passenger revenues	Bus-miles operated
<b>Total reported operations:</b>			
1957.....millions..	839.1	\$486.5	1,067.1
1966.....do.....	690.7	\$728.9	1,214.2
Change.....percent..	-17.7	+49.8	+13.8
<b>Intercity schedules:</b>			
1957.....millions..	209.9	\$335.5	796.0
1966.....do.....	187.5	\$489.3	870.3
Change.....percent..	-10.7	+45.8	+9.3
<b>Local and suburban schedules:</b>			
1957.....millions..	592.9	\$106.7	190.9
1966.....do.....	435.9	\$130.4	180.6
Change.....percent..	-26.5	+22.2	-5.4
<b>Charter or special services:</b>			
1957.....millions..	36.3	\$44.5	80.2
1966.....do.....	67.3	\$109.1	163.3
Change.....percent..	+85.4	+145.2	+193.6

Source: Annual Statements Q-750, 1957 and 1966, Bureau of Accounts.

## THE NATIONAL FREIGHT CAR PROBLEM

In 1967 shipper demands for freight cars did not approach the crisis proportions of 1966. Shortages of all types of cars existed during the first 6 months of the fiscal year but diminished sharply after January 1967.

Contributing factors to the improved situation include the gains made by carriers in modernizing and augmenting equipment, severe weather conditions which adversely affected the grain harvests in some areas and prevented the heavy, peaked grain shipments that occurred in 1966, and the general cooling off of the Nation's economy during the first half of calendar 1967. While revenue carloadings for the first 6 months of 1967 were down 623,205 from 1966 figures, ton-miles which more accurately depict the amount of traffic carried decreased only 1.3 percent for the same period.

The railroads have made impressive advances in modernizing the freight car fleet in the past 5 years. During this period the number of freight cars decreased by 79,084 cars, or 4 percent, yet the aggregate carrying capacity increased about 4 percent with the building of larger cars. Compared with 1962, the increase in average freight car capacity and improved utilization allowed the class I railroads to increase their revenue ton-miles by 25 percent while carloadings gained just 3.1 percent.

Suspension of the investment tax credit—this credit provides a strong incentive for fleet improvement—did not affect the number of new or rebuilt cars placed in service this year because a large backlog of car orders existed during the period the suspension was in effect. Freight car installations exceeded retirements by some 22,000 cars during the year, bringing the national fleet up to 1,830,000 cars. (See Table 4, Appendix G.)

Despite these impressive advances, freight car shortages in calendar 1966 were the worst experienced since World War II. The principal reasons for this appear to have been (1) sharply increased demands for the shipment of lumber and grain; (2) abnormal "peaking" of shipping cycles; and (3) smaller numbers of general-purpose cars, the type used by the lumber and grain industries. In connection with this last factor, it should be noted that the infusion of specialized high-capacity cars, and the corresponding loss of general-purpose cars have been partially responsible for the improvement in car utilization, greater profits for railroads, lower rates for shippers, and better service.

The severe shortages that occurred in 1966 emphasized anew the

need for construction of additional all-purpose freight cars and improved utilization of the existing fleet.

The industry has stepped up its efforts to improve car distribution and utilization. The Association of American Railroads recently decided to establish a computerized system for effective freight car control. Other projects include development of car identification systems for use in a national information classification system.

To force improvement in car conservation and utilization, the railroads have advanced two proposals: the first, a 5-percent penalty if cars are not loaded to full visible capacity or to marked load capacity; and second, the imposition of a \$25 charge when a consignee releases an empty car which must be cleaned before it can be again used. Both actions were vigorously opposed by shippers and traffic organizations, and they are still pending before the Commission.

This year the Commission showed its marked concern over the shortage of cars needed by shippers by extending several service orders designed to obtain better utilization of the available freight car supply. One was primarily directed at achieving prompt placement, pulling, forwarding, and movement of cars by the railroads, while others were aimed at promoting the prompt release of cars by users. In the first half of fiscal 1967, we issued car distribution directions to relieve situations where shipper demands exceeded the supply of available cars. Embargoes were used in a few instances to prohibit further movement of traffic to points where accumulation and congestion at grain elevators prevented prompt unloading at destination. Our field force continued to work closely with carriers, shippers, and receivers to determine equipment needs and to promote more efficient car practices.

Despite the increased activities incident to the Vietnam conflict, the railroads have been successful in moving immense quantities of military freight to port areas and it was not necessary for the Commission to issue emergency orders covering shipment of military goods.

Public Law 89-430 gave the Commission authority to establish an incentive charge for freight car rentals. To implement this statute, we instituted *ex parte* No. 252, Incentive Per Diem Charges, to determine whether information presently available warranted the establishment, on an interim basis, of an incentive per diem increase of \$2.50 per day or some other amount. Hearings have been completed and oral argument was held before the entire Commission. To expedite this proceeding, a recommended report will be omitted and the initial decision will be by the Commission.

In *ex parte* No. 241, Investigation of Adequacy of Railroad Freight Car Ownership, Car Utilization, Distribution, Rules and Practices, hearings began March 28, 1967, and were completed August 14, 1967. Briefs are to be filed by the parties.



## SMALL SHIPMENTS

One of transportation's most pressing issues is the small-shipments problem, which embraces factors far beyond the size of the package. It is more accurately a question of adequacy of service rendered by common carriers of property. The Commission devoted more attention to this problem in 1967 than at any previous time. Shippers, naturally, were also concerned. Prompted in part by our interest in the problem, motor carrier associations developed programs for coordinating small shipper complaints and improving less-than-truckload (l.t.l.) service.

Small shipments are generally thought of as weighing less than 10,000 pounds. The bulk of shipments up to 50 pounds is handled by parcel post, United Parcel Service, REA Express, and air and bus express. Heavier small shipments are handled by motor carriers, freight forwarders, and railroads.

Today's commercial markets, with their emphasis on inventory buying, manufacturers' schedules, and new lightweight merchandise have increased the need for small, fast, and frequent shipments. The total volume of small-shipment traffic, however, moving by all regulated carriers (including parcel post) has not grown significantly since 1946.

Increased utilization of piggybacking, containerization, shipper associations, and rate incentives for consolidation of traffic accounts only in part for the static picture of small-shipment traffic moving by regulated carriers. Although exact figures are not available, it is reasonable to assume that private carriage has taken much of this traffic, attesting to the failure of many regulated carriers to provide adequate service for small shipments.

Small shipment traffic, with its relatively greater handling and documentation requirements, involves higher costs to carriers. This is especially true in view of the increased cost of labor over the last several years. The carriers have responded to this increased cost by incorporating surcharges and high minimum charges per shipment in their tariffs.

Various developments in consolidating less-than-carload (l.c.l.) shipments as, for example, trailer-on-flatcar (t.o.f.c.) and containerization, and lower aggregate and multipickup rates are providing service at a lower cost to the volume shipper or to several contiguous shippers who are able to pool their traffic. But many individual shippers are unable to benefit from these reduced rates because of their location in small towns or suburban locations.

The plight and number of small shippers, who because of their location away from major terminal areas and their lack of traffic volume have serious difficulty in obtaining adequate transportation, may be increased because of the growth in the Interstate Highway System. This system, designed to link major population centers, may induce motor carriers to bypass off-route communities to an even greater extent than at present.

Resolution of this aspect of the small shipments dilemma is vital not only to the small shipper but to the carriers—and, of course, to the public which has come to depend on the Nation's system of regulated common carriage.

To coordinate development of Commission policy in the small shipments area, Chairman Tucker appointed an ad hoc committee consisting of Commissioners Rupert L. Murphy as chairman, Laurence K. Walrath, and Virginia Mae Brown. Since formation of the committee, a continuing program is being developed to seek means to eradicate to the extent possible the practice whereby motor carriers fail to provide full common carrier service, particularly in the area of small shipments. The Commission's Bureau of Enforcement will begin to participate in hearings on applications for extensions of operating authority where necessary to develop the record on the fitness, willingness, and ability of the applicant to conduct additional operations, in light of its failure or refusal to provide reasonable service under its outstanding permanent authority. One case that has been reopened for further hearing under this program is MC-75320 (Sub-No. 106) *Campbell Sixty-Six Express, Inc. Extension*.

The Commission has been directing increased attention to the actions of those motor common carriers which are alleged to be picking and choosing traffic at the expense of the public, thereby disregarding their obligations to serve the public under operating authority issued by the Commission. Some carriers are refusing to transport traffic in accordance with their outstanding tariff provisions. Others are discouraging and refusing traffic by canceling through routes and joint rates with connecting lines, leaving shippers either with no service or with a requirement to pay a combination of local rates; and yet, many of these carriers are seeking to extend their direct service into the same areas served by the connecting lines. It is expected that our Bureau of Enforcement's participation in hearings on applications for extensions of authority will have a direct effect on carriers engaging in these practices of picking and choosing the more desirable traffic.

Another move forward was taken when the Commission, in Docket No. 34816, *Increased Minimum Charges Between Points in Central States*, set forth a revised form of order, modified August 19, 1967, for use in selected situations and on a case-by-case basis when motor carriers seek general rate increases. The new procedure reduces the



time (1) for processing general motor carrier rate increase cases and (2) for the Commission to reach the essential question of whether traffic at various weight-bracket levels bears its fair share of carrier costs. A statement issued April 28, 1967, noted that an increase should be authorized (1) if rates on certain small-shipment weight brackets are below a compensatory level and (2) there is an absence of a showing that shippers and receivers cannot reasonably bear the proposed increase.

Complaints received by our field offices from shippers of small-lot traffic covered wide areas of customer dissatisfaction. Nearly one-third of the complaints concerned reluctance of some carriers to transport certain categories of small shipments and l.t.l. traffic due to physical characteristics of the shipments; e.g., light, bulky, fragile, or perishable goods, and articles highly susceptible to damage or pilferage, as well as shipments of commodities considered to be subject generally to high claim ratios. There were also complaints of inability of the originating carrier to obtain connecting line service.

Carrier avoidance of shipments having relatively undesirable physical characteristics and dissatisfactions arising from a lack of shipper information concerning carrier operations and service obligations present formidable enforcement problems. Most of these problems are amenable generally to corrective action within the existing authority of the Commission. However, in the case of refusal by delivering or continuing interchange carriers to accept shipments from carriers originating the traffic, the Commission is without authority to assure adequate service by requiring establishment of through routes or joint rates. The Commission has recommended legislation which would give it such authority (see p. 93).

### THROUGH ROUTES AND JOINT RATES

Particular attention is now given to the carriers' cancellation or restriction of tariff provisions involving through routes and joint rates. A case of interest in which the Bureau of Enforcement participated was No. MC-22229 (Sub-No. 39), Terminal Transport Co., Inc. The applicant sought motor common carrier authority to provide service from southern points to points in Michigan which could be, but is not being, provided in joint line motor carrier service using Indianapolis, Ind., as a gateway.

In dealing with this problem, attention is directed to the relationship between tariff changes and the provision of adequate service to the public, particularly for small shipments. These factors are also considered when a study is made of an application for additional motor carrier authority. When a restrictive tariff change is proposed and brought under consideration in a suspension proceeding, the pro-



posal is often withdrawn upon the Bureau of Enforcement's entry into the proceeding.

### L.C.L. AND L.T.L. TRAFFIC AND REVENUES

Less-than-truckload shipments (those weighing up to 10,000 pounds) by class I motor carriers of general commodities continued to increase in 1966. The number of such shipments was 262.0 million, up 1.8 percent from the previous year. As the average weight per shipment rose from 576.5 to 591.1 pounds, total less-than-truckload tonnage increased by 4.4 percent to 77.4 million. Freight revenue from these shipments amounted to \$3.2 billion, 7.2 percent more than in 1965.

In 1966 revenue from packages carried by class I intercity motor carriers of passengers continued a long-term trend by registering a higher percentage increase from the previous year than did total passenger and nonpassenger operating revenues of these carriers. The increases were 8.5 and 5.0 percent, respectively. Express revenue of about \$66.6 million accounted for 10.4 percent of total revenue in 1966.

Decline in l.c.l. traffic of class I railroads accelerated in 1966. L.c.l. shipments weighed 1 million tons, 21.3 percent less than in 1965, and resulted in \$40.1 million revenue, down 21.8 percent from the previous year.

REA Express handled 62.8 million domestic shipments in 1966, 6.1 percent less than in 1965. Revenue derived from this traffic, \$430 million, remained at about the same level. While total express privilege payments<sup>10</sup> made to the other carriers decreased by 6.4 percent, payments to railroads were down 13.0 percent from 1965. Express privilege payments to motor carriers and air carriers increased by 10.8 and 6.8 percent, respectively, over 1965. Of the total amount of express privilege payments, \$111.7 million, the railroads received \$69.1 million. This was \$10.3 million less than in 1965, reducing the railroads' share of total express privilege payments from 66.6 percent in 1965 to 61.9 percent in 1966. The air carriers received \$36.8 million in express privilege payments. Their share moved up from 28.9 to 33.0 percent. Payments to motor carriers amounted to \$5.2 million, and \$0.6 million went to water and miscellaneous carriage. The motor carriers increased their share of total express privilege payments from 3.9 percent in 1965 to 4.6 percent in 1966, but water and miscellaneous carriage slipped from 0.6 to 0.5 percent.

Revenue from 743.5 million parcels handled by the Post Office Department in fiscal year 1966 was \$624.3 million. The number of parcels and the revenue were slightly higher than in 1965. These figures do

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<sup>10</sup> Amounts paid or accrued to companies, firms, or individuals for the privilege of conducting an express business over their transportation lines.

not reflect certain increases in weight, size, and rates which were authorized in September 1966.

Sixty-one freight forwarders with annual revenues of \$100,000 or more handled 17.7 million shipments weighing a total of 4.5 million tons in 1966. This was 9.4 and 12.7 percent, respectively, more than reported by 59 freight forwarders in 1965. Average weight per shipment rose from 495 pounds in 1965 to 510 pounds. Revenue from these shipments totaled \$526.8 million, an increase of 14.7 percent over the previous year.

## LEGISLATIVE ACTIVITIES

Throughout this report reference has been made to the Commission's legislative proposals which affect national transportation law and its practice. In this chapter, these references are coordinated and amplified. There follows a discussion of our appearances before the 90th Congress in its consideration of transportation legislation. Supplemental to this chapter is appendix C, which indicates the progress of legislation recommended by this Commission. Our new legislative recommendations will be transmitted to the Congress in a separate report.

### COMMISSION BUDGET

The President's budget provided \$23,784,000 for the Commission for fiscal year 1968.

On February 23, 1967, the Commission appeared before the House Appropriations Subcommittee on Independent Offices on its budget for fiscal year 1968. On June 6, 1967, the Commission also appeared before the Senate Appropriations Subcommittee on Independent Offices.

In the bill, as finally approved, we received \$23,460,000 which was \$50,400 more than the adjusted appropriation for fiscal year 1967. However, the increase of \$50,400 will be insufficient to cover additional and unavoidable increased costs totaling \$120,103 during fiscal year 1968. These increases must be met by adjusting our position level downward by six positions.

### ADMINISTRATIVE PROCEDURE ACT

On March 17, 1967, the Commission testified before the Senate Subcommittee on Administrative Practice and Procedure of the Committee of the Judiciary on S. 518 to amend the Administrative Procedure Act. The Commission indicated that S. 518 contains many objectionable features, including: (1) The imposition of stringent separation-of-function requirements in our formal proceedings; (2) the introduction of costly and delay-producing types of hearings and appellate procedures in the Commission's present and comparatively simple case processing techniques; (3) imposition of a requirement that agencies issue subpoenas in a proceeding without a prior "showing of general relativeness and reasonable scope"; (4) shifting of responsibility from the duly appointed agency members to hearing officers; (5) limiting the agencies' discretion in omitting a hearing



examiner's report; (6) interference with the scheduling of hearings; and (7) the introduction of new avenues for judicial interference and control which could result in substantial delays and prejudice the interest of the parties and the public. For these reasons, the Commission opposes enactment of S. 518.

### SECTION 13a

On April 25, 1967, the Commission testified before the House Special Subcommittee on Transportation and Aeronautics of the Committee on Interstate and Foreign Commerce on H.R. 7004, H.R. 260, and H.R. 519. H.R. 7004 implements a legislative recommendation of the Commission. This bill is designed to give the Commission additional flexibility in dealing with railroad passenger train discontinuances than is afforded by present law. It would change existing law in the following ways: (1) Allow the Commission more time in the initial and final investigation of train discontinuance petitions filed by the railroads; (2) place the burden of proof on the proponent in establishing that the public convenience and necessity permit the discontinuance or change in service and that the continuation of the service would unduly burden interstate or foreign commerce; (3) confer jurisdiction upon the Commission in cases where the discontinuances involve service from a State to a foreign country, and where the train to be discontinued provides service in only one State but operates into another State for operating conveniences; (4) provide for judicial review; and (5) permit the Commission to attach just and reasonable conditions to an order requiring continuance of passenger service. On May 24, 1967, the Commission testified on S. 1175, before the Senate Subcommittee on Surface Transportation. S. 1175 is the Senate counterpart of H.R. 7004.

H.R. 260 would require the Commission to consider all financial assistance available, including that under the Urban Mass Transportation Act of 1964, for the purpose of continuing passenger train service, before permitting discontinuance. The bill is considered unnecessary because the Commission presently accords all such possible recognition. H.R. 519 would require continuance of service for 1 year, (1) if the carrier involved could participate in and substantially benefit from a Federal, regional, State, or local program of public assistance, or (2) if a carrier is involved in a merger from which it is expected to benefit. The Commission does not favor passage of this bill in its present form.

On August 1, 1967, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 1685, S. 512, S. Con. Res. 25, and S.J. Res. 52. Generally, the Commission supported the objectives set forth in S. 1685; however, it thought some of its provisions were too stringent and would result in some inequity to carriers subject to

their requirements. The Commission indicated that S. 512 duplicates similar provisions set forth in S. 1175 and it is therefore unnecessary. S. Con. Res. 25 provides for a study of passenger and mail transportation in the United States and it not objectionable. S.J. Res. 52 directs the Commission and the Department of Transportation to prepare a master ground transportation plan for the United States. The Commission has no objection to the resolution except for that portion which calls for a moratorium on rail mergers and train discontinuances.

#### THROUGH ROUTES AND JOINT RATES

On May 16, 1967, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 751. This bill implements one of the Commission's legislative recommendations. S. 751 would impose a duty upon motor carriers of property to enter into reasonable through routes and to establish reasonable rates applicable thereto with other such carriers and with common carriers by rail, express, and water. It would authorize the Commission, after investigation and hearing, to require the establishment of through routes and joint rates between motor common carriers of property and between such carriers and common carriers by rail, express, and water. The Commission believes this would be an effective regulatory tool in resolving the small shipments problem, and in bringing about improved intramodal and intermodal services between all modes of transportation.

On June 8, 1967, the Commission commented on S. 1768, a bill introduced as an alternative to S. 751. The Commission favors enactment of S. 751, because S. 1768 imposes no duty on the carriers subject to its provisions to establish joint rates or through routes in the first instance; contains many limitations on the Commission's authority to compel these arrangements which, in their present form, are either unnecessary or undesirable; contains certain other provisions which, such as the issue of fitness, are not appropriate to this legislation or, such as the issue of delinquency, involve matters more suited to the judicial rather than to the administrative process; and fails to provide for a number of safeguards vital to the protection of participating carriers. The Commission suggested changes in S. 1768. If these changes were made, this bill would be a suitable alternative.

#### SUSPENSION AND REVOCATION

On May 16, 1967, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 753. This bill implements one of the Commission's legislative recommendations. S. 753 would amend section 212(a) of the Interstate Commerce Act and would subject motor carrier operating authorities to suspension, change, or revocation for willful failure to comply with any provision of part II of the Explosives Act, and to provide uniformity between parts II,

III, and V of the Interstate Commerce Act with respect to revocation procedures. It is also designed to permit suspension of motor carrier operating rights, upon notice, for failure to comply with the Commission's insurance regulations.

### SECTION 22—RATES

On June 5, 1967, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 754 and S. 1174. S. 754 implements one of the Commission's legislative recommendations and would restrict the application of section 22 rates to times of war or national emergency. The provisions of S. 1174 are identical except that S. 754 contains a specific provision retaining the reduced rate provisions in their present form, in situations involving transportation of bulk commodities as defined in section 303 of the act, and exempt agricultural products as defined in section 203(b)(6) of the act. This provision is deemed necessary in order not to aggravate the presently existing competitive inequalities between carriers arising from these two exemptions. For this reason the Commission supported passage of S. 754 rather than S. 1174.

### ADMINISTRATIVE BILLS

On June 8, 1967, the Commission testified before the Senate Subcommittee on Surface Transportation on four bills which implement legislative recommendations made by the Commission. S. 755 would amend section 5 (1) of the Interstate Commerce Act by exempting contracts, agreements or combinations affecting the transportation of household goods between any motor common carrier with any other such carrier. The requirements for approval of these pooling agreements have seemingly been met by carrier practices, thus prior Commission approval of such agreements is no longer necessary.

S. 756 would amend section 204 of the Interstate Commerce Act so as to authorize the Commission to exempt any services or transportation subject to part II from any provision or regulation thereof, where the Commission finds that such exemption will not substantially impair effective regulation, nor be discriminatory or detrimental to commerce. This bill would afford relief to both the Commission and the affected carriers in situations where economic regulation is neither necessary nor desirable. Procedural safeguards would prevent abuse of this power.

S. 757 would amend section 19a of the act. Its purpose is to eliminate or make optional certain mandatory valuation requirements which are no longer considered necessary or appropriate to the proper performance of the Commission's function. Nothing in this bill affects the Commission's powers under sections 12, 20(1), 20(3) or 20(5) of the act.



S. 758 would amend section 17(2) and would authorize the Commission to delegate to qualified employees routine processing matters which have not involved the taking of testimony at a hearing or the submission of verified evidence by opposing parties pursuant to the modified procedure. The purpose and effect of such an amendment would be greater utilization of key employees and improved administrative efficiency.

#### WATER CARRIERS BULK COMMODITIES EXEMPTION

On June 28, 1967, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 1314. On October 10, 1967, the Commission testified before the House Subcommittee on Transportation and Aeronautics of the Committee on Interstate and Foreign Commerce on H.R. 7610 and 11 identical bills. These bills would amend section 303(b) of the Interstate Commerce Act, by striking from the second sentence thereof, the parenthetical expression "(in accordance with the existing custom of the trade in the handling and transportation of such commodities as of June 1, 1939)" and by striking the third sentence entirely. Enactment of this bill would (1) broaden the exemption to include the transportation of all bulk commodities (except in intercoastal commerce) irrespective of whether they were so handled in 1939; (2) overturn the Commission's determination that the mixing of exempt and nonexempt commodities subjects the entire movement to regulation; and (3) eliminate the present standard that two or more vessels operated as a single unit shall be considered as a "single vessel."

This Commission has no objection to this legislation if the Congress as a matter of policy feels that the inequitable effects of this exemption, as between water carriers, should be eliminated. However, the Commission believes that repeal of the exemption will ultimately be required as the necessary step toward elimination of any inequalities between carriers of different modes.

#### RECOVERY OF ATTORNEYS' FEES

On July 18, 1967, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 858. This bill would amend section 20(11) of the Interstate Commerce Act so as to permit the recovery of a reasonable attorney's fee as a part of the successful action by a shipper for recovery of damages sustained in the transportation of property. The Commission suggested as an amendment to this bill that no such fees should be recoverable except where a plaintiff has filed a claim with a carrier and such claim has not been honored within 90 days. With this amendment, the Commission supports the objectives of this legislation.

**CLARIFICATION OF AGRICULTURAL COOPERATIVE EXEMPTION**

On July 24, 1967, the Commission testified before the Subcommittee on Surface Transportation of the Senate Committee on Commerce on S. 752. This bill implements one of the Commission's legislative recommendations. The purpose of this bill is to clarify the exemption in section 203(b)(5) of the act with respect to transportation performed by agricultural cooperative associations for nonmembers. The bill would amend section 203(b)(5) so as to limit the transportation by agricultural cooperatives for nonmembers to farm products, farm supplies, or other farm related traffic.

On September 20, 1967, the Commission commented on substitute proposals made by the National Council of Farmer Cooperatives, and the American Trucking Associations, Inc. The latter's proposal was supported by the American Association of Railroads. The Commission indicated that it would have no objection to the proposals of the Council provided they were modified so as to be compatible with S. 752. It also indicated that the ATA's proposal is too drastic in that it seriously limits the basic purpose of the exemption in 203(b)(5), i.e., permitting the farmer to efficiently and economically market his products.

**STATE PROPERTY TAX ASSESSMENTS**

On August 8, 1967, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 927. The provisions of this bill are aimed at ending inequitable and discriminatory taxation by State or local governments on the property of common carriers, especially railroads. The Commission supported the objectives of this bill.

**WATER CARRIER EQUIPMENT TRUST CERTIFICATE**

On August 9, 1967, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 913. This bill would amend part III of the Interstate Commerce Act to provide for the recording with the Commission of trust agreements and other evidence of indebtedness of regulated water carriers except for mortgages subject to the Ship Mortgage Act of 1920. Pursuant to this amendment, the Commission would establish a master index of all liens and encumbrances affecting the subject carrier. Section 2 would amend section 116 of chapter 10 of the Bankruptcy Act so that its provisions would not affect the owner's rights of repossession, as set forth, in any lease or conditional sales agreement. The enactment of this bill would assist in the industry's procurement of modern equipment and would place water carriers on a par with railroads and airlines in attracting capital for equipment improvements. For these reasons the Commission supported enactment of S. 913.







## APPENDIX A

### COMMISSION ORGANIZATION

There are four principal offices and five bureaus of the Commission, the heads of which report to the Chairman via the channels indicated on the organizational chart.

#### *Commissioners*

<i>Name</i>	<i>Term</i>	
	<i>Oath of office</i>	<i>Term expires</i>
William H. Tucker, <i>Chairman</i> .....	Apr. 3, 1961...	Dec. 31, 1967
Paul J. Tierney, <i>Vice Chairman</i> .....	Mar. 29, 1963...	Dec. 31, 1969
Kenneth H. Tuggle.....	Sept. 8, 1953...	Dec. 31, 1968
Rupert L. Murphy.....	Dec. 30, 1955...	Dec. 31, 1971
Laurence K. Walrath.....	Mar. 29, 1956...	Dec. 31, 1970
John W. Bush.....	Apr. 3, 1961...	Dec. 31, 1971
Virginia Mae Brown.....	May 25, 1964...	Dec. 31, 1970
Willard Deason.....	Sept. 8, 1965...	Dec. 31, 1972
George M. Stafford.....	Apr. 26, 1967...	Dec. 31, 1973
Grant E. Syphers.....	July 31, 1967...	Do.
Dale W. Hardin.....	do.....	Dec. 31, 1972

#### *Staff Officials*

##### Office of the Chairman :

Congressional Liaison Officer.....	James T. Corcoran
Legislative Counsel.....	Robert L. Calhoun
Public Information Officer.....	Warner L. Baylor

##### Office of the Managing Director :

Managing Director.....	Bernard F. Schmid
Assistant Managing Director.....	Martin E. Foley
Special Assistant for Field Operations.....	James L. Barbour
Director of Personnel.....	Curtis F. Adams

##### Office of the Secretary :

Secretary.....	H. Neil Garson
Assistant Secretary.....	Andrew Anthony, Jr.

##### Office of the General Counsel :

General Counsel.....	Robert W. Ginnane
Deputy General Counsel.....	I. K. Hay

##### Office of Proceedings :

Director.....	Bertram E. Stillwell
Associate Director.....	Alvin L. Corbin
Deputy Director, Policy Review Committee.....	Thaddeus W. Forbes
Deputy Director, Section of Opinions.....	Sheldon Silverman
Chief Hearing Examiner.....	James C. Cheseldine

##### Bureau of Accounts :

Director.....	Matthew Paolo
Assistant Director.....	Howard L. Domingus
Assistant Director.....	Richard J. Ferris

*Staff Officials—Continued***Bureau of Economics :**

Director ----- Edward Margolin  
 Assistant Director ----- Robert G. Rhodes

**Bureau of Enforcement :**

Director ----- Bernard A. Gould  
 Assistant Director ----- John H. O'Brien  
 Assistant Director ----- Marcus L. Meyer

**Bureau of Operations :**

Director ----- Robert D. Pfahler  
 Assistant Director ----- N. Thomas Harris

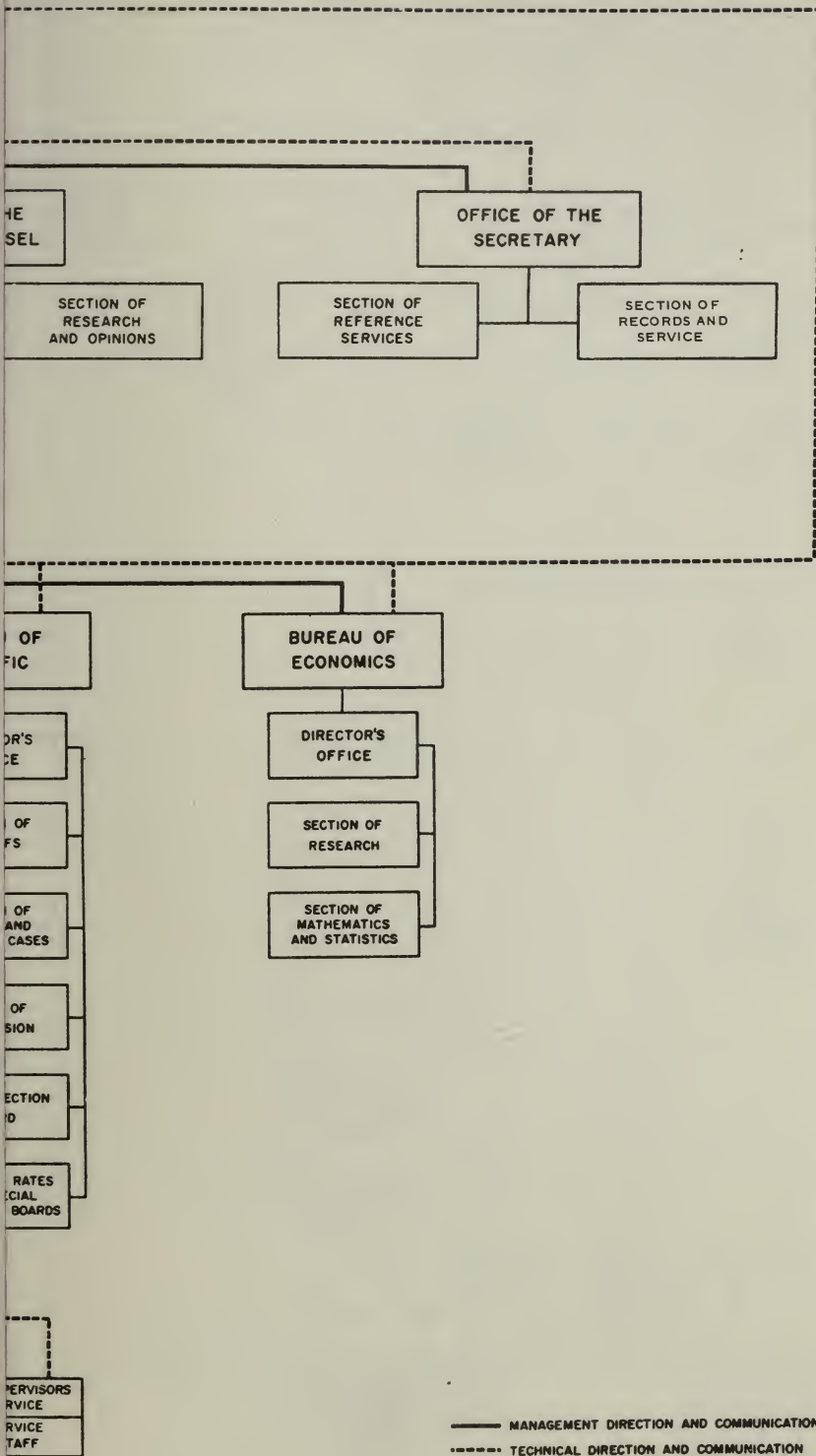
**Bureau of Traffic :**

Director ----- Edward H. Cox  
 Assistant Director ----- Robert Newel

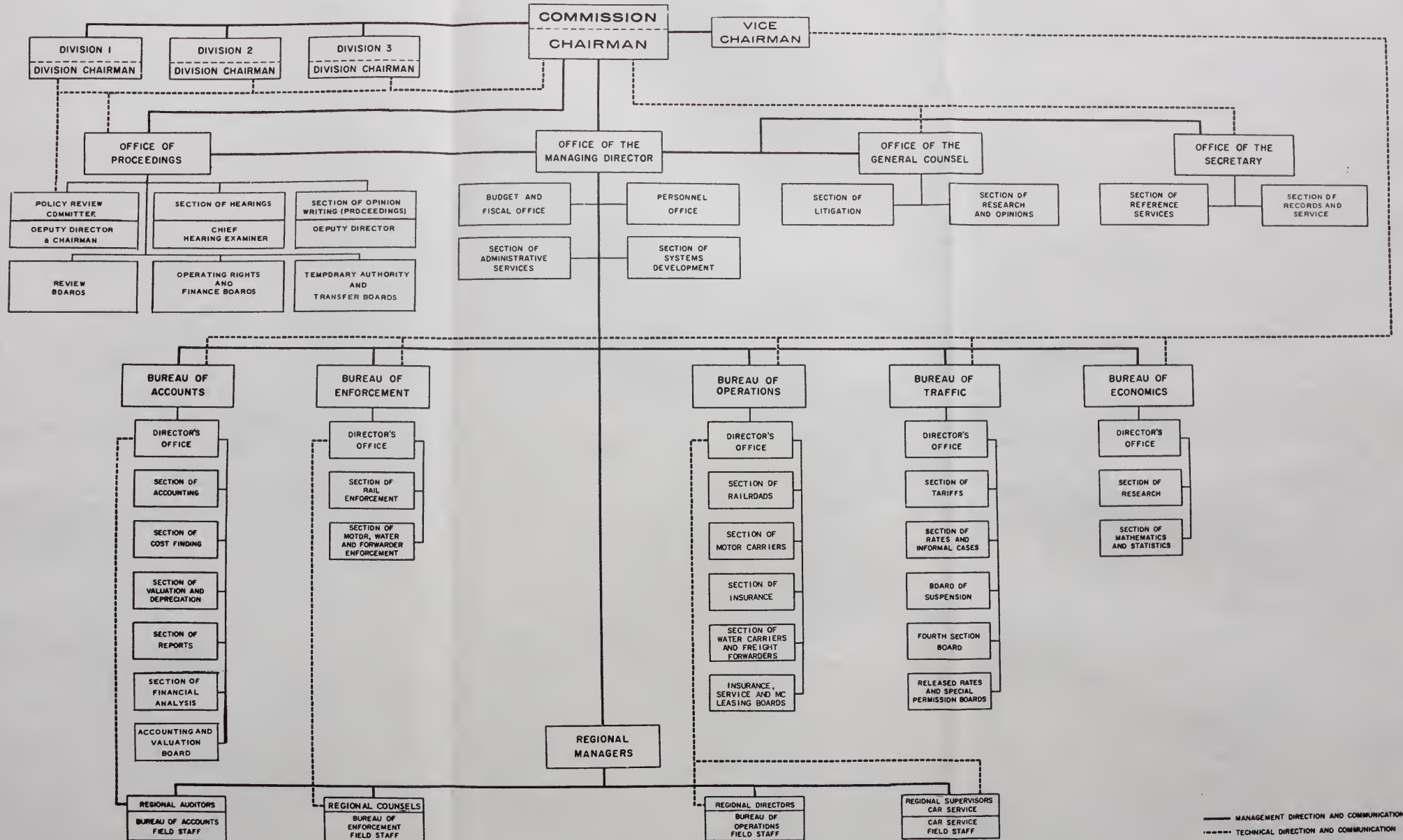
*Directory of Interstate Commerce Commission Field Offices*

<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
1	Regional headquarters	Robert L. Abare, Regional Manager, Room 2211-B, John F. Kennedy Federal Bldg., Government Center, Boston, Mass. 02203.
	Connecticut-----	324 Post Office Bldg., 135 High St., Hartford, Conn. 06101.
	Maine-----	305 Post Office and Courthouse, 76 Pearl St., Portland, Maine 04112. Mail address: Post Office Box 167, P.S.S.
	Massachusetts-----	John F. Kennedy Federal Bldg., Room 2211-B Government Center, Boston, Mass. 02203. 338 Federal Bldg., 436 Dwight St., Springfield, Mass. 01103.
	New Hampshire---	14 Parkhurst St., Lebanon, N.H. 03766.
	New Jersey-----	363 Industrial Office Bldg., 1060 Broad St., Newark, N.J. 07102. 410 Post Office Bldg., 402 East State St., Trenton, N.J. 08608.
	New York-----	518 New Federal Bldg., Maiden Lane and Broadway, Albany, N.Y. 12207. 215 Post Office Bldg., Binghamton, N.Y. 13902. 518 Post Office Bldg., 121 Ellicott St., Buffalo, N.Y. 14203. Room 1111, 346 Broadway, New York, N.Y. 10013. 104 O'Donnell Bldg., 301 Erie Blvd. West Syracuse, N.Y. 13202.
	Rhode Island-----	187 Westminister St., Providence, R.I. 02903.
2	Regional headquarters	Fred E. Cochran, Regional Manager, 900 Custom House, 2d and Chestnut Sts., Philadelphia, Pa. 19106.
	Delaware-----	See nearest ICC Field Office in New Jersey, Maryland, or Pennsylvania.
	District of Columbia	12th and Constitution Ave. NW., Washington, D.C. 20423.





# INTERSTATE COMMERCE COMMISSION



*Directory of Interstate Commerce Commission Field Offices—Continued*

<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
2	Maryland-----	1125 Federal Bldg., Charles Center, 31 Hopkins Plaza, Baltimore, Md. 21201. 206 Federal Bldg. Post Office, 129 East Main St., Salisbury, Md. 21801.
	Ohio-----	1010 Federal Bldg., 550 Main St., Cincinnati, Ohio 45202. 435 Federal Bldg., 215 Superior Ave. NE., Cleveland, Ohio 44114. 236 New Post Bldg., 85 Marconi Blvd., Columbus, Ohio 43215. 5234 Federal Office Bldg., 234 Summit St., Toledo, Ohio 43604.
	Pennsylvania-----	218 Central Industrial Bldg., 100 North Cameron St., Harrisburg, Pa. 17101. 900 Custom House, 2d and Chestnut Sts., Philadelphia, Pa. 19106. 2109 Federal Bldg., 1000 Liberty Ave., Pittsburgh, Pa. 15222. 309 Post Office Bldg., North Washington Ave. and Linden St., Scranton, Pa. 18503.
	Virginia-----	10-502 Federal Bldg., 400 North 8th St., Richmond, Va. 23240. 215 Campbell Ave. SW., Roanoke, Va. 24011.
	West Virginia-----	3202 Federal Office Bldg., 500 Quarrier St., Charleston, W. Va. 25301. 531 Hawley Bldg., 1025 Main St., Wheeling, W. Va. 26003.
	3 Regional headquarters--	James B. Weber, Regional Manager, 1252 West Peachtree St. NW., Room 300, Atlanta, Ga. 30309.
	Alabama-----	Room 823, 2121 Bldg., 2121 8th Ave. North, Birmingham, Ala. 35203.
	Florida-----	288 Federal Office Bldg., 400 West Bay St., Jacksonville, Fla. 32202. Mail address: Post Office Box 4969, 51 SW. 1st Ave., Room 1621, Miami, Fla. 33130.
	Georgia-----	1252 West Peachtree St. NW., Room 300, Atlanta, Ga. 30309.
	Kentucky-----	207 Exchange Bldg., 147 North Upper St., Lexington, Ky. 40507. 426 Post Office Bldg., 601 West Broadway, Louisville, Ky. 40202.
	Mississippi-----	312-A Post Office and U.S. Courthouse, Jackson, Miss. 39201.
	North Carolina----	Room 206, 327 North Tryon St., Charlotte, N.C. 28202. 401 Oberlin Rd., Cameron Village, Raleigh, N.C. 27605. Mail address: Post Office Box 10885.
	South Carolina----	303A Federal Office Bldg., 901 Sumter St., Columbia, S.C. 29201.



*Directory of Interstate Commerce Commission Field Offices—Continued*

<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
3	Tennessee-----	390 Federal Office Bldg., 167 North Main St., Memphis, Tenn. 38103. 706 U. S. Court House, 801 Broadway, Nash- ville, Tenn. 37203.
	4 Regional headquarters--	Charles W. Haas, Regional Manager, 1086 U.S. Courthouse and Federal Office Bldg., 219 South Dearborn St., Chicago, Ill. 60604.
	Illinois-----	1086 U.S. Courthouse and Federal Office Bldg., 219 South Dearborn St., Chicago, Ill. 60604. 476 Land of Lincoln Bldg., 325 West Adams St., Springfield, Ill. 62704.
	Indiana-----	8th Floor, Century Bldg., 36 South Pennsylv- ania St., Indianapolis, Ind. 46204. 308 Federal Bldg., Fort Wayne, Ind. 46802.
	Michigan-----	1110 David Broderick Tower Bldg., 10 Witherill St., Detroit, Mich. 48226. 221 Federal Bldg., 325 West Allegan St., Lansing, Mich. 48933.
	Minnesota-----	448 Federal Bldg., and U.S. Court House, 110 South 4th St., Minneapolis, Minn. 55401.
	North Dakota-----	213 South Plaza Bldg., 1621 South University Dr., Fargo, N. Dak. 58101.
	South Dakota-----	369 Federal Bldg., South Pierre and Sioux Sts., Pierre, S. Dak. 57501.
	Wisconsin-----	214 North Hamilton St., Room 100, Madison, Wis. 53703. Room 807, 108 West Wells St., Milwaukee, Wis. 53202.
5	Regional headquarters--	Bernard H. English, Regional Manager, 9A27 Federal Bldg., 819 Taylor St., Fort Worth, Tex. 76102.
	Arkansas-----	2519 Federal Office Bldg., Capitol and State Sts., Little Rock, Ark. 72201.
	Iowa-----	332 Federal Bldg., 4th and Perry Sts., Daven- port, Iowa 52801. 227 Federal Office Bldg., 5th St. and Court Ave., Des Moines, Iowa 50309. 304 Post Office Bldg., Sioux City, Iowa 51101.
	Kansas-----	234 Federal Bldg., Topeka, Kans. 66603. 906 Schweiter Bldg., 106 North Main St., Wichita, Kans. 67202.
	Louisiana-----	Room T-4009, Federal and Post Office Bldg., 709 Loyola Ave., New Orleans, La. 70113.
	Missouri-----	1100 Federal Office Bldg., 911 Walnut St., Kansas City, Mo. 64106. 3248 Federal Bldg., 1520 Market St., St. Louis, Mo. 63103.
	Nebraska-----	315 U.S. Courthouse and Post Office, 129 North 10th St., Lincoln, Nebr. 68508. 705 Federal Office Bldg., 106 South 15th St., Omaha, Nebr. 68102.

*Directory of Interstate Commerce Commission Field Offices—Continued*

<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
5	Oklahoma-----	350 American General Bldg., 210 NW. 6th St., Oklahoma City, Okla. 73102.
	Texas-----	Miller Bldg., 918 Tyler St., Amarillo, Tex. 79101.
		513 Thomas Bldg., 1314 Wood St., Dallas, Tex. 75202.
		107-A Post Office Bldg., 219 Mills St., El Paso, Tex. 79901.
		9A27 Federal Bldg., 819 Taylor St., Fort Worth, Tex. 76102.
		8610 Federal Bldg. and U.S. Courthouse, 515 Rusk Ave., Houston, Tex. 77002. Mail address: Post Office Box 61212 (Zip Code 77061)
		206 Manion Bldg., 301 Broadway, San Antonio, Tex. 78205.
6	Regional headquarters--	Ernest D. Murphy, Regional Manager, 13001 Federal Office Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102.
	Alaska-----	51-52 Federal Bldg., Anchorage, Alaska 99501.
	Arizona-----	3427 Federal Bldg., 230 North 1st Ave., Phoenix, Ariz. 85025.
	California-----	7708 Federal Bldg., 300 North Los Angeles St., Los Angeles, Calif. 90012.
		13001 Federal Office Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102.
	Colorado-----	2022 Federal Bldg., 1961 Stout St., Denver, Colo. 80202.
	Idaho-----	203 Eastman Bldg., 105 North 8th St., Boise, Idaho 83702.
	Montana-----	251 Post Office Bldg., Billings, Mont. 59101.
	Nevada-----	212 Telegraph Bldg., 11 West Telegraph St., Carson City, Nev. 89701.
	New Mexico-----	109 Federal Bldg., 421 Gold Ave., SW., Albuquerque, N. Mex. 87101.
	Oregon-----	450 Multnomah Bldg., 120 SW. 4th St., Portland, Oreg. 97204.
	Utah-----	2224 Federal Bldg., 125 South State St., Salt Lake City, Utah 84111.
	Washington-----	6130 Arcade Bldg., 1319 2d Ave., Seattle, Wash. 98101.
		401 Post Office Bldg., West 914 Riverside Ave., Spokane, Wash. 99201.
	Wyoming-----	D & S Bldg., 255 North Center St., Casper, Wyo. 82601.

## APPENDIX B

### COMMISSION WORKLOAD

*Proceedings cases opened and closed, 1963-67*

	Calendar year				Fiscal year			
	1963	1964	1965	1966	1964	1965	1966	1967
Pending beginning of year.....	4,711	7,042	5,981	6,844	7,738	6,357	5,993	8,050
Openings during year.....	11,004	8,573	10,493	10,156	8,511	9,575	11,572	7,677
Closings during year.....	8,673	9,634	9,630	10,227	9,892	9,939	9,515	9,619
Pending end of year.....	7,042	5,981	6,844	6,773	6,357	5,993	8,050	6,108

### *Processing time for proceedings cases*

	Assignment of case for modified procedure or oral hearing procedure—Fiscal year			Decision or closing action—Fiscal year			Total closings—Fiscal year		
	1965	1966	1967	1965	1966	1967	1965	1966	1967
Average number of months									
Orally heard rail merger cases.....	2.8	3.5	3.2	43.5	55.0	38.6	8	2	5
Rail finance cases (other than orally heard rail merger cases) ..	1.7	1.3	1.8	5.5	5.2	5.9	463	448	420
Motor carrier finance cases.....	2.9	2.2	2.3	11.3	9.2	8.4	453	350	325
Motor carrier operating authority cases.....	3.5	4.1	4.8	10.4	7.9	9.9	6,689	6,834	7,049
Motor carrier complaint cases.....	2.0	2.3	2.6	9.5	6.6	7.6	467	414	438
Water carrier cases.....	19.0	4.1	6.8	27.4	10.5	11.1	49	28	17
Formal dockets, rate complaints and investigations.....	1.3	.3	.4	15.6	9.4	11.7	356	242	187
Investigation and suspension, motor.....	.5	.5	.5	2.2	2.0	1.8	1,244	1,023	1,045
Investigation and suspension, rail.....	.9	1.1	.8	4.0	5.1	4.0	132	104	65
Freight forwarder, fourth section, etc.....	-----	-----	-----	22.1	17.0	10.7	73	70	58
Grand total.....	-----	-----	-----	9.4	7.2	8.7	9,939	9,515	9,619



*Operating Rights**Volume and disposition of cases*

	July 1, 1965 through June 30, 1966	July 1, 1966 through June 30, 1967
<b>MOTOR CARRIER</b>		
Applications for permanent common carrier certificates, contract carrier permits, brokers licenses:		
Received.....	8,681	4,902
Reopened.....	183	238
Hearings.....	3,945	3,912
Disposed of, including reopened proceedings:		
Withdrawn or dismissed without report.....	1,942	1,644
By effective recommended order.....	1,298	1,305
By the Commission or a division of the Commission, or Operating Rights Board No. 1, or Operating Rights Review Boards.....	3,527	4,038
Applications granted in whole or in part.....	4,121	4,468
Applications denied or dismissed in report.....	704	875
Pending at end of year.....	6,838	4,991
Petitions disposed of.....	1,823	1,438
<b>COMPLAINTS, ETC.</b>		
Complaints, rulemaking, and revocation proceedings:		
Formal complaints filed, including subnumbers.....	47	26
Investigations instituted.....	76	65
Reopened.....	24	21
Hearings.....	53	47
Disposed of, including subnumbers and reopened proceedings:		
Dismissed or discontinued.....	58	47
By effective recommended order.....	22	27
By the Commission or a division of the Commission.....	39	48
Pending at end of year.....	147	137
Petitions disposed of.....	72	31
<b>WATER CARRIERS</b>		
Applications for permanent water carrier operating rights:		
Received.....	21	16
Reopened.....	2	2
Hearings.....	13	38
Disposed of, including reopened proceedings:		
Withdrawn or dismissed without report.....	7	7
By effective recommended order.....	5	1
By the Commission or a division of the Commission.....	14	9
Applications granted in whole or in part.....	9	6
Applications denied or dismissed in report.....	10	4
Pending at end of period.....	27	28
Petitions disposed of.....	11	5
<b>FREIGHT FORWARDER</b>		
Applications for freight forwarder operating rights:		
Received.....	23	13
Reopened.....	1	3
Hearings.....	15	4
Disposed of, including reopened proceedings:		
Withdrawn or dismissed without report.....	6	2
By effective recommended order.....	3	3
By the Commission or a division of the Commission.....	8	16
Applications granted in whole or in part.....	4	10
Applications denied or dismissed in report.....	7	9
Pending at end of period.....	36	31
Petitions disposed of.....	3	6
<b>ALASKA-HAWAII "GRANDFATHER" APPLICATIONS</b>		
Reopened.....	5	0
Hearings held.....	0	1
Disposed of:		
Dismissed, without report.....	0	0
By effective recommended order.....	2	0
By the Commission or a division of the Commission.....	5	0
Applications granted in whole or in part.....	5	0
Applications denied or dismissed in report.....	2	0
Pending at end of year.....	3	3
Petitions disposed of.....	13	0
<b>AGRICULTURAL "GRANDFATHER" APPLICATIONS</b>		
Applications for "grandfather" and "interim" motor carrier operating rights: <sup>1</sup>		
Reopened.....	3	3
Hearings.....	1	0
See footnote at end of table.		

*Operating Rights—Continued*  
*Volume and disposition of cases*

	July 1, 1965 through June 30, 1966	July 1, 1966 through June 30, 1967
Applications for "grandfather" and "interim" motor carrier operating rights <sup>1</sup> —Continued		
Disposed of, including reopened proceedings:		
Withdrawn or dismissed without report.....	0	0
By effective recommended order.....	2	0
By the Commission or a division of the Commission.....	4	5
Applications granted in whole or in part.....	4	5
Applications denied or dismissed in report.....	2	0
Pending at end of year.....	2	0
Petitions disposed of.....	19	6
CERTIFICATES OF REGISTRATION		
Applications for "grandfather" certificates of registration under sec. 206(a)(7):		
Received.....	0	0
Reopened.....	11	3
Hearings.....	8	4
Disposed of:		
Rejected.....	0	0
Dismissed or withdrawn.....	1	2
By effective recommended order.....	1	0
By a division of the Commission, or Operating Rights Board No. 2.....	3	3
Pending at end of year.....	15	13
Petitions disposed of.....	55	11
Applications for certificates of registration under section 206(a)(6):		
Received.....	45	43
Reopened.....	1	0
Dismissed or withdrawn.....	1	1
By a division of the Commission.....	11	7
Disposed of by Operating Rights Board No. 2.....	41	44
Pending at end of year.....	25	16
Petitions disposed of.....	4	6
TEMPORARY AUTHORITY, ETC.		
Applications for temporary authority under sec. 210a(a):		
Received.....	5,169	5,520
Disposed of.....	5,214	5,507
Granted in whole or in part.....	4,466	4,845
Denied.....	748	662
Pending at end of year.....	19	32
Petitions disposed of.....	524	614
Applications to deviate from regular routes:		
Filed.....	484	401
Disposed of.....	476	410
Pending at end of year.....	60	51
Petitions disposed of.....	1	5
Proceedings to revoke operating rights without hearing:		
Instituted.....	676	605
Disposed of.....	633	620
Pending at end of year.....	147	132

<sup>1</sup> Filed under sec. 7(c) of the Transportation Act of 1958.

TABLE 1.—*Summary of dispositions for fiscal 1966, 1967*

	July 1, 1965 through June 30, 1966	July 1, 1966 through June 30, 1967
Formal case docket (applications for operating authorities, complaints, investigations, rulemaking, etc.): Disposed of.....	8,886	7,152
Informal case docket (temporary authority and deviation applications, and revocation proceedings not subject to hearing): Disposed of.....	6,848	6,537
Certificates of registration (applications under secs. 206(a) (6) and (7)): Disposed of.....	117	57
Total all proceedings.....	15,851	13,746

TABLE 2.—*Motor carrier operating authorities*

	As of June 30, 1966	As of June 30, 1967
<b>Property carriers:</b>		
Common, issued certificates under sec. 206 or 207.....	11,195	11,132
Common, issued certificates under sec. 212(c).....	341	341
Common, issued certificates under sec. 7(c), Transportation Act 1958..	393	389
Common, issued certificates under sec. 206(a) (5).....	50	52
Common, "grandfather" under sec. 206(a) (7) not yet issued certificate of registration.....	191	169
Common, issued certificates of registration under sec. 206(a) (7).....	2,350	2,315
Common, issued certificates of registration under sec. 206(a) (6).....	53	92
Contract, issued permits under sec. 209.....	2,690	2,789
Contract, issued permits under sec. 7(c), Transportation Act of 1958..	25	24
<b>Total property carriers.....</b>	<b>17,283</b>	<b>17,303</b>
<b>Passenger carriers:</b>		
Common, issued certificates under sec. 206 or 207.....	1,129	1,125
Common, issued certificates under sec. 212(c).....	1	1
Common, issued certificates under sec. 206(a) (5).....	0	0
Common, "grandfather" under sec. 206(a) (7) not yet issued certificate of registration.....	38	37
Common, under sec. 206(a) (7).....	30	27
Common, under sec. 206(a) (6).....	7	8
Contract, issued permits under sec. 209.....	19	23
<b>Total passenger carriers.....</b>	<b>1,224</b>	<b>1,221</b>
<b>Total motor carriers.....</b>	<b>18,512</b>	<b>18,524</b>
<b>Brokers issued licenses under sec. 211:</b>		
Property.....	70	69
Passenger.....	261	266
<b>Total brokers.....</b>	<b>331</b>	<b>335</b>

*Finance*TABLE 1.—*Applications under sec. 5(2) of the Interstate Commerce Act, involving large railroads pending June 30, 1967*

Finance docket No.	Nature of transaction
21400.....	Control by Southern Ry. Co. of Central of Georgia Ry. Co.
21478.....	Consolidation of the Great Northern Ry. Co., Northern Pacific Ry. Co., Chicago, Burlington & Quincy RR. Co., and Pacific Coast RR. Co., into Great Northern Pacific & Burlington Lines, Inc., and lease by that company of Spokane, Portland & Seattle Ry. Co.
21510.....	Merger of New York, Chicago & St. Louis RR. Co., et al., into Norfolk & Western Ry. Co.
21989.....	Merger of New York Central RR. Co., into Pennsylvania RR. Co.
22688.....	Acquisition by Chicago & North Western Ry. Co., of control of Chicago, Rock Island & Pacific RR. Co.
23178.....	Acquisition by Chesapeake & Ohio Ry. Co., and Baltimore & Ohio RR. Co., of control of Western Maryland Ry. Co.
23285.....	Merger of Chicago, Rock Island & Pacific RR. Co., into Union Pacific RR. Co.
23383.....	Merger of Chicago Great Western Ry. Co., into Chicago & North Western Ry. Co.
23595.....	Purchase (portion) of Chicago, Rock Island & Pacific Co., by Southern Pacific Co.
23832.....	Merger of Chesapeake & Ohio Ry. Co., into Norfolk & Western Co.
23919.....	Purchase (portion) of Chicago, Rock Island & Pacific RR. Co. by Atchison, Topeka & Santa Fe Ry. Co.
23935.....	Purchase of Alton & Southern RR. by St. Louis Southwestern Ry. Co.
24075.....	Purchase of Alton & Southern RR. by Missouri Pacific RR. Co.
24178.....	Control of Atchison, Topeka & Santa Fe Ry. Co., of Mississippi River Corp., and Missouri Pacific RR. Co.
24182.....	Consolidation of Chicago & North Western Ry. Co., and Chicago, Milwaukee, St. Paul & Pacific RR. Co., into Chicago, Milwaukee & North Western Transportation Co.



TABLE 2.—*Authorizations under sec. 5(2) of the Interstate Commerce Act, as amended, involving railroad properties*<sup>1</sup>

Acquiring carrier	Owning carrier	Miles	How acquired
Chesapeake & Ohio Ry. Co.....	Chicago South Shore & South Bend RR.	178	Control.
Illinois Central R.R. Co. and Illinois Central Industries, Inc.	Mississippi Central R.R. Co.....	149	Purchase.
Missouri Pacific R.R. Co.....	Chicago & Eastern Illinois R.R. Co....	1,005	Control.
Do.....	Union Ry. Co. and Iron Mountain R.R. Co. of Memphis.	132	Do.
Seaboard Air Line R.R. Co.....	Atlantic Coast Line R.R. Co.....	5,573.07	Merger.
St. Louis-San Francisco Ry. Co.....	Northeast Oklahoma R.R. Co.....	60.74	Purchase.
Texas & Pacific Ry. Co.....	Midland Valley R.R. Co.....	353.16	Merger.

<sup>1</sup>Listed authorizations do not include those involving less than 25 miles of track.

44 applications filed.

63 applications granted.

8 applications dismissed.

TABLE 3.—*Certificates of convenience and necessity issued for abandonment, construction, acquisition, and operation of lines of railroad under sec. 1(18) of the Interstate Commerce Act, as amended.*

	July 1, 1965 through June 30, 1966 <sup>1</sup>		July 1, 1966 through June 30, 1967	
	Applications	Miles	Applications	Miles
I. Abandonment applications filed.....	106	1,920.1	72	860.
Certificates of abandonment:				
Granted.....	92	1,054.4	85	817.3
Denied.....	5	334.0	7	95.5
Dismissed.....	8	357.6	6	194.9
Abandonments permitted since effective date of act.....		52,777.9		53,595.2
II. Construction applications filed.....	20	166.0	15	142.1
Granted.....	15	127.4	20	201.6
Denied.....	1	14.8		
Dismissed.....	4	49.7	1	6.0
III. Acquisition and operation applications filed.....	10	111.6	13	202.6
Granted.....	9	63.3	5	42.8
Denied.....	2	62.5		
Dismissed.....	3	37.7	4	117.2

<sup>1</sup> The 1965-66 figures are repeated in order to correct errors that were made in the same table in the 80th Annual Report, p. 115.

TABLE 4.—*Train discontinuance proceedings under sec. 13a of the Interstate Commerce Act*

Number of train discontinuances requested.....	33
Number permitted.....	65
Number denied.....	14
Number dismissed.....	88
Number pending.....	32

TABLE 5.—*Applications and petitions involving securities under secs. 20a and 214 of the Interstate Commerce Act*

	Filed	Decided
Application of:		
Railroads or their noncarrier parent companies.....	83	83
Motor carriers or their noncarrier parent companies.....	81	78
Total.....	164	161
Petitions of railroads and motor carriers and their noncarriers parent companies..	40	45

TABLE 6.—*Loan guaranty applications approved*

Railroad	Number of applications	Total amount guaranteed	Approved but not disbursed	Repayments	Unpaid balance June 30, 1967
Boston & Maine.....	5	\$9,000,000	-----	\$4,200,000	\$4,800,000
Central of New Jersey.....	2	20,000,000	-----	3,005,000	16,995,000
Chicago & Eastern Illinois.....	2	14,800,000	-----	2,586,250	12,213,750
Erie-Lackawanna.....	1	15,000,000	-----	750,000	14,250,000
Georgia & Florida.....	2	1,934,960	\$100,000	1,834,960	-----
Lehigh Valley.....	5	21,823,000	-----	7,796,000	14,027,000
Missouri-Kansas-Texas.....	3	34,000,000	-----	2,640,000	31,360,000
Monon.....	2	10,500,000	-----	1,100,000	9,400,000
New York Central.....	1	40,000,000	-----	13,200,000	26,800,000
New Haven.....	4	23,159,400	-----	5,633,441	17,525,959
New Haven Trustees.....	2	12,500,000	-----	-----	12,500,000
New York, Susquehanna & Western.....	2	855,000	-----	403,050	451,950
Norfolk Southern.....	2	7,400,000	-----	400,000	7,000,000
Pittsburgh & West Virginia.....	2	3,000,000	1,400,000	700,000	900,000
Reading.....	1	30,000,000	-----	-----	30,000,000
Total.....	36	243,972,360	1,500,000	44,248,701	198,223,659

TABLE 7.—*Authorizations under sec. 5(2) of the Interstate Commerce Act, as amended, for unifications involving the 100 largest motor carriers of property*

Acquiring carrier	1966 Revenues (thousands)	Rank	Acquired carrier	Revenues		Rank	How acquired
				Year	Thousands		
Arkansas-Best Freight System, Inc.	\$29,963	54	Ford Drayage Service, Inc.	1966	118	---	Purchase (portion).
B. & B. Lines, Inc.	1,150	---	Lee Way Motor Freight, Inc.	1966	36,132	40	Do.
B. & P. Motor Express, Inc.	24,919	61	The Cleveland Cartage Co. (K. V. Nicola, trustee)	1963	218	---	Purchase.
Carolina Freight Carriers Corp.	36,147	39	Comer Motor Express, Inc.	1963	311	---	Merger.
Chemical Leaman Tank Lines, Inc.	47,439	24	Rorbes Trucking Co., Inc.	1965	1,105	---	Merger (subsidiary).
Consolidated Freightways Corp. of Delaware	177,920	1	Southern-Plaza Express, Inc.	1964	7,614	---	Control.
			Babcock & Lee Petroleum Transporters, Inc.	1966	777	---	Purchase.
			Babcock & Lee Transportation, Inc.	1966	237	---	Purchase (portion).
Cooper-Jarrett, Inc.	32,948	48	C. & B. Trucking, Inc.	1965	88	---	Purchase.
			Wardlow Transfer Co., Inc.	1965	34	---	Purchase (portion).
			Cargo-Imperial Freight Lines, Inc.	1966	3,781	---	Purchase.
			Jones Transfer Co.	1966	1,478	---	Control.
			Wheelock Bros., Inc.	1965	2,386	---	Do.
Eastern Express, Inc.	50,719	21	Fleet Highway Freight Lines, Inc.	1966	897	---	Merger (subsidiary).
Enzor Express, Inc.	17,094	96	Bison Fast Freight, Inc.	1966	70	---	Purchase.
			Ohio Southern Express, Inc.	1962	3,527	---	Merger.
			Carrollwood Freight Lines, Inc.	1966	159	---	Purchase (portion).
IML Freight, Inc.	41,398	28	Eastern Motor Dispatch, Inc.	1963	6,695	---	Merger.
Jones Motor Co., Inc.	39,564	31	Melvin Trucking Co.	1966	2,260	---	Merger (subsidiary).
Los Angeles-Seattle Motor Express, Inc.	20,438	76	Interstate Freight Lines, Inc.	1966	3,661	---	Merger.
McLean Trucking Co.	88,887	8	Chicago Express, Inc.	1965	10,275	---	Merger (subsidiary).
Merchants Fast Motor Lines, Inc.	19,648	82	Anarillo-Borger Express, Inc.	1965	417	---	Merger.
Murphy Motor Freight Lines, Inc.	12,601	---	Midwest Emery Freight System, Inc.	1966	24,610	62	Purchase (portion).



## National City Lines, Inc., a noncarrier controls:

Automobile Carriers, Inc.	4, 156	DC International, Inc., and its subsidiary	1966	58, 806	14	Control.
C. & J. Commercial Driveway, Inc.	6, 824	Red Ball Express Co.	1966	4, 715	-----	-----
Dealer's Transit, Inc.	17, 133					
Lake Shore Motor Coach Lines, Inc.	17, 325					
Los Angeles-Seattle Motor Express, Inc.	20, 438					
Orschel Bros. Truck Line, Inc.	9, 502	IML Freight, Inc.	1966	41, 398	28	Purchase (portion).
Overnite Transportation Co.	35, 421	Richmond-Petersburg Freight Line	1965	127	-----	Do.
Quinn Freight Lines, Inc.	17, 192	Salvatore J. Squatrito, d/b/a Clover Transfer Co.	1966	31	-----	Purchase.
R. C. Motor Lines, Inc.	17, 067	Georgia-Florida Motor Express, Inc.	1966	975	-----	Merger (subsidiary).
Red Ball Motor Freight, Inc.	41, 621	Siast Motor Freight, Inc.	1965	348	-----	Merger.
Red Star Express Lines of Auburn, Inc.	23, 644	Wallace Transport Co. Limited	1966 <sup>1</sup>	13, 048	-----	Control.
Roadway Express, Inc.	134, 489	Rocket Transportation Co.	1966	429	-----	Merger.
		Fiorio's Express, Inc.	1965	86	-----	Purchase.
Ryan Freight Lines, Inc.	689	Lee Way Motor Freight, Inc.	1966	36, 132	40	Purchase (portion).
St. Johnsbury Trucking Co., Inc.	23, 091	Woodin's Express, Inc.	1966	1, 428	-----	Merger.
		Joseph Dupont Trucking, Inc. (James Radin, Receiver)	1965	190	-----	Purchase.
Schwerman Trucking Co.	32, 209	Petroleum Carrier Corp.	1966	2, 879	-----	Control.
Specter Freight System, Inc.	73, 824	Orschel Bros. Truck Lines, Inc.	1966	9, 502	-----	Purchase (portion).
Terminal Transport Co., Inc.	25, 716	Buffalo Consolidated Cartage, Inc.	1966	207	-----	Purchase.
Transamerican Freight Lines, Inc.	52, 442	Johnson Freight Lines Co., Inc.	1966	6, 023	-----	Purchase (subsidiary).
Tri-State Motor Transit Co.	17, 284	Nigro Freight Lines, Inc.	1964	1, 147	-----	Purchase.
		Ayres Cartage Co.	1964	237	-----	Purchase.
		Hughes Transportation, Inc.	1966	1, 350	-----	Control.
Wilson Freight Co.	36, 650	Freight Ways, Inc.	1966	4, 066	-----	Merger.

<sup>1</sup> Year ended Feb. 28, 1966, in Canadian dollars.

TABLE 8.—*Summary of motor carrier unification proceedings*

	July 1, 1965 to June 30, 1966	July 1, 1966 to June 30, 1967
Finance applications, complaints and investigations under sec. 5:		
Received or instituted.....	1 306	1 341
Reopened.....	3	11
Hearings.....	120	102
Under submission at end of period.....	64	43
Applications disposed of, including reopened proceedings:		
By effective recommended order:		
Granted in whole or in part.....	32	27
Denied.....	3	2
By a report of the Commission or a division of the Commission:		
Granted in whole or in part.....	61	65
Denied.....	28	12
By report of an employee board:		
Granted in whole or in part.....	162	178
Denied.....	11	4
Dismissed.....	28	26
Investigations terminated.....	9	9
Pending at end of period.....	224	253
Petitions disposed of.....	163	138
Temporary authority applications under sec. 210a(b):		
Received.....	158	186
Disposed of:		
Granted in whole or in part.....	113	129
Denied.....	43	49
Pending end of period.....	5	13
Petitions disposed of.....	39	49
Rulemaking proceeding under sec. 5(1):		
Received or reopened.....	0	0
Pending at end of period.....	2	1
Applications for transfer or lease of operating rights under sec. 212(b) and sec. 206(a)(6) or (7):		
Received.....	954	867
Hearings.....	4	5
Disposed of:		
Granted in whole or in part:		
Transfer to new entity.....	695	606
Transfer to another carrier.....	138	159
Denied.....	55	78
Dismissed.....	58	35
Pending at end of period.....	94	83
Petitions disposed of.....	126	142

<sup>1</sup> These figures include for the respective years 11 and 7 proceedings under sec. 5(7). They do not include 54 and 69 related applications for certificates under sec. 207, handled concurrently with the sec. 5 applications.

TABLE 9.—*Applications of the Interstate Commerce Act, under sections 312, 410g, and 5(2), involving water carriers and freight forwarders*

	July 1, 1965 to June 30, 1966	July 1, 1966 to June 30, 1967
Applications for transfer or lease of operating rights under sec. 312:		
Pending at beginning of period.....	3	4
Received.....	6	5
Hearings.....	1	0
Disposed of:		
Granted in whole or part.....	4	5
Denied, dismissed, withdrawn.....	1	2
Pending at end of period.....	4	2
Petitions or other subsequent matters disposed of.....	0	0
Applications for transfer or lease of operating rights under sec. 410(g):		
Pending at beginning of period.....	1	0
Received.....	0	4
Hearings.....	0	0
Disposed of:		
Granted in whole or part.....	1	3
Denied, dismissed, withdrawn.....	0	1
Pending at end of period.....	0	0
Petitions disposed of.....	0	1
Applications for unification of water carriers under sec. 5(2):		
Pending at beginning of period.....	1	1
Received.....	0	1
Disposed of:		
Granted in whole or part.....	0	0
Denied, dismissed, withdrawn.....	0	1
Pending at end of period.....	1	1
Petitions disposed of.....	0	0

*Rates**Volume and disposition of cases*

	Fiscal year 1966		Fiscal year 1967	
	Motor	Rail	Motor	Rail
Pending at beginning of year.....	273	198	230	156
Instituted, filed, and reopened during year:				
Investigations and suspensions.....	957	83	1,054	66
Formal complaints.....	23	83	29	68
Investigations.....	76	35	37	14
Ex parte proceedings <sup>1</sup> .....	-----	12	-----	9
Fourth-section applications <sup>1</sup> .....	-----	22	-----	8
Sec. 25 proceedings <sup>1</sup> .....	-----	24	-----	11
Others <sup>1 2</sup> .....	-----	6	9	-----
Received during year.....	1,058	265	1,129	176
Total on hand and received.....	1,331	463	1,359	332
Disposed of during year:				
Investigations and suspensions:				
By report of Commission, division, or board.....	172	39	124	12
By effective recommended order.....	2	1	1	-----
Discontinued.....	849	64	920	53
Formal complaints:				
By report of Commission, division, or board.....	17	43	8	37
By effective recommended order.....	2	17	10	28
Discontinued.....	5	47	10	17
Investigations:				
By report of Commission, division, or board.....	21	27	9	11
By effective recommended order.....	14	3	7	1
Discontinued.....	14	9	20	8
Ex parte proceedings: <sup>1</sup>				
By report of Commission, division, or board.....	-----	7	-----	1
By effective recommended order.....	-----	1	-----	4
Discontinued.....	-----	2	-----	3
Fourth-section applications: <sup>1</sup>				
By report of Commission, division, or board.....	-----	9	-----	2
By effective recommended order.....	-----	0	-----	-----
Discontinued.....	-----	11	-----	14
Sec. 25 proceedings: <sup>1</sup>				
By report of Commission, division, or board.....	-----	2	-----	3
By effective recommended order.....	-----	20	-----	11
Discontinued.....	-----	1	-----	6
Others: <sup>1 2</sup>				
By report of Commission, division, or board.....	-----	3	9	-----
By effective recommended order.....	-----	3	1	-----
Discontinued.....	-----	1	1	-----
Total.....	1,096	310	1,120	211
Pending at end of year.....	235	153	273	198
Petitions: Pending at beginning of year.....	16	17	13	38
Received during year:				
Investigation and suspensions.....	83	37	41	16
Formal complaints.....	22	96	19	53
Investigations.....	42	68	24	26
Ex Parte proceedings <sup>1</sup> .....	-----	9	4	9
Fourth-section applications <sup>1</sup> .....	-----	3	-----	5
Sec. 25 proceedings <sup>1</sup> .....	-----	4	-----	-----
Others <sup>1 2</sup> .....	-----	3	2	-----
Total.....	147	220	86	109
Total on hand and received.....	163	237	99	147
Disposed of during year:				
Investigations and suspensions.....	88	34	40	22
Formal complaints.....	22	92	19	54
Investigations.....	40	57	29	40
Ex parte proceedings <sup>1</sup> .....	-----	9	-----	9
Fourth-section applications <sup>1</sup> .....	-----	1	-----	8
Sec. 25 proceedings <sup>1</sup> .....	-----	3	-----	1
Others <sup>1 2</sup> .....	-----	3	1	-----
Total.....	150	199	89	134
Petitions pending at end of year.....	13	38	10	13

<sup>1</sup> Includes both motor and rail proceedings.<sup>2</sup> Includes sec. 5(a) applications, released rate proceedings, freight forwarder complaints, water carrier applications, motor carrier applications, and finance applications involving rate matters.



*Tariffs and Informal Cases*TABLE 1.—*Tariffs and schedules, fiscal year 1967*

	Received	Criticized	Rejected
Freight:			
Common carrier, tariffs:			
Rail.....	45,160	4,156	158
Motor.....	137,239	15,087	2,951
Water.....	3,192	181	13
Pipeline.....	854	87	18
Freight forwarder.....	9,319	776	62
Total.....	195,764	20,287	3,202
Contract carrier, schedules:			
Motor.....	3,754	1,260	378
Water.....	29	0	0
Total.....	3,783	1,260	378
Total freight.....	199,547	21,547	3,580
Passenger, tariffs:			
Common carrier:			
Rail.....	6,341	541	14
Motor.....	8,795	2,298	106
Water.....	31	3	0
Total.....	15,167	2,842	120
Contract carrier: Motor.....	29	0	0
Express, tariffs:			
Rail.....	496	89	0
Motor.....	301	104	3
Total.....	797	193	3
Total passenger and express.....	15,993	3,035	123
Grand total.....	215,540	24,582	3,703

TABLE 2.—Other tariff activities, fiscal year 1966

Special permission applications:		Proposed certificates and permits for permanent operating authority:	
Pending July 1, 1966----	164	Freight-----	5,742
Received-----	6,796	Passenger-----	985
Withdrawn-----	183		
Granted-----	5,857	Total received-----	6,727
Denied-----	678		
Pending July 1, 1967----	242		
Released rates applications:		Transfers of operating rights:	
Pending July 1, 1966----	7	Freight-----	1,254
Received-----	82	Passenger-----	351
Withdrawn-----	0		
Granted-----	70	Total-----	1,605
Denied-----	13		
Pending July 1, 1967----	6	Revocation orders (revocation of operating authority):	
Contracts—Motor contract carrier:		Freight-----	405
Received-----	4,249	Passenger-----	458
Criticized-----	309		
Contracts—Freight forwarder:		Total-----	863
Received-----	24,486		
Criticized-----	781	Temporary operating authority cases (application filed pursuant to sec. 210(a) for authority to operate temporarily)-----	5,536
Powers of attorney, concurrences, and revocations thereof:		Quotations of reduced rates filed pursuant to sec. 22 for the transportation of property for the U.S.	
Received-----	9,336	Government-----	30,832
Criticized-----	1,857		

TABLE 3.—Board of Suspension

Protested rate adjustments handled.....	4, 549
Protests received from:	
Competing carriers.....	2, 375
Shippers and receivers.....	2, 129
Government agencies.....	68
Total.....	4, 572
Tariff publications protested.....	6, 540
Protested proposals reflected:	
Increases.....	1, 262
Reductions.....	2, 988
Increases and reductions.....	241
No change.....	58
Total.....	4, 549
Petitions for reconsideration of Board's conclusions not to suspend.....	306
Petitions for reconsideration of Board's action in suspending.....	96
Other petitions (to investigate or discontinue investigation).....	107
Investigation and suspension proceedings discontinued when matter canceled under special permission.....	471

*Action taken on protested rate adjustments*

	Rail	Motor	Water	Freight For- warder	Express Pipe- line	Number	Percent
Suspended in full.....	75	1, 646	11	42	5	1, 779	39.1
Suspended in part.....	3	77	4	0	3	87	1.9
Not suspended (permitted to become effective).....	280	1, 411	40	75	7	1, 813	39.8
Otherwise disposed of (schedules rejected, protest withdrawn, protested schedules canceled by carriers).....	50	767	10	42	1	870	19.2
Total.....	408	3, 901	65	159	16	4, 549	100.0



TABLE 4.—*Fourth Section Board*

Applications:	
On hand beginning of year.....	81
Received during year.....	486
Reopened during year.....	3
Total.....	570
Disposed of during year:	
Granted.....	517
Denied.....	6
Withdrawn.....	12
Dismissed.....	1
Returned—nonpayment of fee.....	1
Total.....	537
Pending at end of year.....	33
Petitions for modifications of orders:	
On hand beginning of year.....	0
Received during year.....	41
Total.....	41
Disposed of during year:	
Granted.....	33
Denied.....	2
Withdrawn.....	5
Returned to applicant.....	1
Total.....	41
Pending at end of year.....	0
Petitions for reconsideration of Board's action.....	6
Protests against granting of relief.....	11
Relief withheld pending hearings in applications.....	3
Temporary relief granted pending hearing in applications.....	1

TABLE 5.—*Informal cases and related work*

Informal complaints:	
On hand beginning of year.....	420
Received during year.....	2, 248
Disposed of during year.....	2, 259
Pending at end of year.....	409
Special dockets: <sup>1</sup>	
On hand beginning of year.....	271
Received during year.....	519
Disposed of during year.....	465
Pending at end of year.....	325
Request for photostatic copies and certificates of tariff publications processed during the year.....	923
Waybills manually processed.....	29, 328

<sup>1</sup> The reparation approved totaled \$1,202,266.

*Enforcement*TABLE 1.—*Summary of activities, fiscal year 1967*

	R-W-F	Motor	Total
Field investigations:			
On hand beginning of year.....	200	767	967
Commenced during year.....	151	1,291	1,442
Concluded during year.....	180	1,411	<sup>1</sup> 1,591
Pending at end of year.....	171	647	818
Court proceedings:			
On hand beginning of year.....	107	550	657
Commenced during year.....	95	881	976
Concluded during year.....	137	1,091	<sup>2</sup> 1,228
Pending at end of year.....	65	340	405
Commission proceedings:			
On hand beginning of year.....	18	190	208
Commenced during year.....	3	178	181
Concluded during year.....	5	169	<sup>3</sup> 174
Pending at end of year.....	16	199	215

<sup>1</sup> 115 of these cases were transferred to the Department of Transportation.<sup>2</sup> 218 of these cases were transferred to the Department of Transportation.<sup>3</sup> 9 of these cases were transferred to the Department of Transportation.TABLE 2.—*Court cases concluded and fines imposed*

	Court cases concluded	Fines imposed
Motor carrier (not including safety).....	884	\$453,234.03
Rail, water, and forwarder (not including safety).....	126	523,268.00

*Bureau of Operations—Field Program<sup>1</sup>*

	Fiscal year	
	1966	1967
Enforcement:		
Complaints warranting possible enforcement action:		
On hand at beginning of and received during year.....	8,608	7,200
Field investigations.....	6,305	5,262
Awaiting investigation at end of year.....	2,303	1,938
Other complaints (service, claims, household goods, etc.):		
Received and disposed of informally by telephone, correspondence, or field action.....	11,349	13,552
Investigations with view of ICC or court action:		
On hand at start of and received during year.....	1,685	1,588
Completed during year.....	1,386	1,289
Awaiting investigation at end of year.....	299	299
Vehicle inspections involving possible unlawful operations.....	3,205	2,682
Motor carriers examined for general compliance.....	2,155	2,178
Enforcement interpretations.....	8,364	8,710
Operating authority:		
Investigations and reports on applications for:		
Permanent operating authority.....	4,221	4,639
Temporary operating authority.....	5,362	5,673
State certificate filings.....	25	41
Revocation of authority or dismissal of application.....	305	296
Transfer of operating authority.....	735	898
Authorization to temporarily operate properties sought to be acquired.....	133	193
Consolidation, merger, purchase, control, etc.....	198	268
Interpretations.....	18,588	19,396
Rates and tariffs:		
Investigation and reports on overall rate and tariff compliance.....	711	776
Assistance in preparation special permission applications, tariffs and schedules, adoption notices and supplements, concurrences and powers of attorney, and revocation of concurrences and powers of attorney.....	1,090	1,429
Examination of tariffs and schedules.....	2,320	2,395
Interpretations.....	3,867	4,325
Insurance:		
Investigations and reports on insurance compliance.....	4,171	4,202
Interpretations.....	3,101	3,513
Accounts:		
Investigations and reports on:		
Change in classification for accounting regulation purposes.....	115	118
Delinquent accounting reports.....	2,913	2,809
Interpretations.....	1,823	2,392

<sup>1</sup> Includes motor carriers, water carriers, freight forwarders and rate bureaus.

*Accounts*

	<i>Work units completed</i>
1. Examination of carriers, accounts and records:	
Railroads.....	128
Motor carriers.....	1,094
Water carriers.....	14
Others.....	38
2. Depreciation studies processed:	
Railroads.....	52
Pipelines.....	28
Water.....	18
3. Final pipeline valuation reports prepared.....	95
4. Development of construction indices:	
Railroads.....	171
Pipelines.....	37
5. Accounting reviews of motor carrier annual reports.....	1,037
6. Analyses of cost evidence in formal proceedings.....	88
7. Cost analysis of suspension and Temporary Authorities Boards' cases.....	2,216
8. Cost and formula development operation research.....	35
9. Cost studies and publications.....	9
10. Processing of applications and requests for special accounting rules, Accounting and Valuation Board.....	318



## APPENDIX C

### PROGRESS OF LEGISLATION RECOMMENDED BY THE COMMISSION TO THE 90TH CONGRESS

1. That parts I, II, and III be amended to authorize the Commission, after investigation and hearing, when necessary and desirable in the public interest, to require the establishment of through routes and joint rates between motor common carriers of property and between those carriers and common carriers by rail, express, and water.

S. 751 and H.R. 6533 were introduced upon request to implement the Commission's recommendation. On May 16, 1967, the Senate Subcommittee on Surface Transportation held hearings on S. 751. No further action was taken.

2. That section 203b(5) be amended by limiting the exemption set forth therein to the transportation of farm products, farm supplies, or other farm related traffic.

S. 752 and H.R. 6530 were introduced upon request to implement this request. On July 24, 1967, the Commission testified in support of S. 752 before the Senate Subcommittee on Surface Transportation. No further action was taken.

3. That part II be amended so as to empower the Commission to exempt from the requirements of part II, or any provision thereof, such service and transportation as may be determined by the Commission to be of such nature, character, or quantity as not substantially to impair effective regulation of transportation under part II.

S. 756 and H.R. 6536 were introduced upon request to implement this recommendation. The Commission testified before the Senate Subcommittee on Surface Transportation on June 8, 1967. No further action was taken.

4. That section 22 be amended so as to permit the performance of transportation services for governmental bodies free or at reduced rates only to the extent such services: (a) Are performed during war or national emergency; or (b) involve transportation which remains exempt from economic regulation under parts II and III of the act.

S. 754 and H.R. 6534 were introduced to implement this recommendation. The Commission testified on June 5, 1967, before the Senate Subcommittee on Surface Transportation on its bill, and S. 1174, introduced by Senator Philip A. Hart of Michigan which would amend section 22 "to restrict certain authorization for free or reduced rate transportation of property or passengers." The Commission expressed preference for passage of S. 754. No further action was taken.

5. That section 212(a) be amended: (1) To make motor carriers operating authorities subject to suspension, change, or revocation for willful failure to comply with any rule or order of the Commission; (2) to make the revocation procedure therein prescribed conform to the procedure provided in sections 212(a) and 410(f) of the act by eliminating the term "willfully" in the first proviso; and (3) to provide that the Commission may, upon reasonable notice, suspend motor carrier operating authorities for failure to comply with insurance regulations issued by it pursuant to section 215 thereof.

S. 753 and H.R. 6531 were introduced upon request to implement this recommendation. On May 16, 1967, the Commission testified on S. 753 before the Senate Subcommittee on Surface Transportation. No further action was taken.

6. That section 5(1) be amended as to exempt contracts, agreements, or combinations affecting the transportation of household goods to which any common carrier by motor vehicle may be a party with other such carrier or carriers for the pooling or division of traffic, service, or earnings.

S. 755 and H.R. 6532 were introduced upon request to implement this recommendation. On June 18, 1967, the Commission appeared before the Senate Subcommittee on Surface Transportation on S. 755. No further action was taken.

7. That section 17(2) be amended so as to authorize the Commission to delegate to qualified individual employees, including transportation economists and specialists, those matters which have not involved the taking of testimony at a public hearing or the submission of evidence by opposing parties in the form of affidavits.

S. 758 and H.R. 6537 were introduced upon request to implement this recommendation. On June 8, 1967, the Commission testified on S. 758 before the Senate Subcommittee on Surface Transportation. No further action was taken.

8. That section 19(a) be amended so as to: (1) Eliminate the requirement that the Commission determine the present value of land; (2) eliminate the requirement that the Commission determine the valuation of property held by carriers for purposes other than for use in common carrier service; (3) eliminate the requirement that the Commission ascertain and report the amount, value, and deposition of aids, gifts, grants, and donations and the amount and value of concessions and allowances made by carriers in consideration thereof; and (4) make optional the requirement that the Commission keep itself informed of changes in the quantity of the property of carriers, following the completion of the original valuation of such property.

S. 757 and H.R. 6535 were introduced upon request to implement this recommendation. On June 8, 1967, the Commission appeared before the Senate Subcommittee on Surface Transportation on S. 757. No further action was taken.

9. That section 13a be amended to provide a "certificate" procedure in 13a(1) with the burden of proof on the carrier, no time limits on the Commission's action, a mandatory labor protection clause, and the power on the part of the Commission to require changes in other trains and services as well as in the multi-state operations involved in any proposal brought under this proposed section.

S. 1175 and H.R. 7004 were introduced upon request to implement the Commission's recommendation. On May 24, 1967, the Commission appeared before the Senate Subcommittee on Surface Transportation on S. 1175. On April 25, 1967, the Commission appeared before the House Special Committee on Transportation and Aeronautics of the Committee on Interstate and Foreign Commerce on H.R. 7004. On the same date, it testified on two related bills. H.R. 206 and H.R. 519 introduced by Jonathan B. Bingham of New York and Florence P. Dwyer of New Jersey.

On August 1, 1967, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 1685, introduced by Senator Clifford Case of New Jersey; S. 512, introduced by Senator Harrison A. Williams; S. Con. Res. 25, introduced by Senator Gordon Allott; and S. Con. Res. 52 introduced by Senator Frank Moss. No further action was taken on any of these matters.

10. That the procedures for judicial review of orders of the Commission be changed so as to provide: (a) That review be upon appeals to the U.S. Court of Appeals in all cases where at present a special three-judge court is used; (b) that review be permitted in any judicial circuit wherein the party or any of the parties filing the request for review have their residence or principal office; (c) that final

review by the Supreme Court of the United States be only by petition for a writ of certiorari; (*d*) that a limit of 60 days be imposed as the time within which a petition for review must be filed in any case for which the present statutory provisions do not fix a period for filing petitions for review, such 60-day period to run from the date of entry of the order appealed from or entry of order denying reconsideration thereof where petitions for reconsideration are allowed by the Commission's rules, whichever is later; (*e*) that appeals be commenced by the filing of a petition for review in the form of a notice of appeal; (*f*) that anyone seeking review be required to service notice of appeal upon all parties to the proceeding before the Commission, the Department of Justice, and the Commission; (*g*) that provision be made for consolidation in a single court of multiple appeals from a single order of the Commission; and (*h*) that review proceedings be brought against the Commission as defendant, rather than against the United States, with the Department of Justice to have the right to intervene in any appeals from a single order of the Commission. No legislation was introduced to implement this recommendation.



## APPENDIX D

### PUBLICATIONS

#### *Financial and Traffic Statistics*<sup>1</sup>

##### *Annual*

Transport Statistics in the United States. Detailed data on traffic, operations, equipment, finances, and employment for carriers subject to the Interstate Commerce Act (rail carriers, motor carriers, water carriers, oil pipelines, freight forwarders, Railway Express, Inc., Pullman Co., and private car owners).

Freight Commodity Statistics, Class I Railroads in the United States. Carloads and tons of revenue freight originated, terminated, and received from connecting carriers, and gross freight revenue.

Motor Carrier Freight Commodity Statistics, Class I Common and Contract Carriers of Property. Numbers of truckloads and tons of freight originated, terminated, and delivered to connecting carriers, and gross freight revenue.

A-200—Operating Statistics of Large Railroads. Freight and passenger operating statistics, consisting of miles of road operated, train-miles, car-miles, ton-miles, train-hours, locomotive units assigned to freight and passenger service, and number of freight cars on line for individual roads.

A-300—Wage Statistics of Class I Railroads in the United States—Calendar Year. Number of employees, service hours, and compensation by occupation: Professional, clerical, and general; maintenance of way and structures; maintenance of equipment and stores; etc.

A-600—Transportation Revenue and Traffic of Large Oil Pipeline Companies—Calendar Year. Transportation revenue and number of barrels of oil originated and received from connections, present and preceding year.

A-650—Revenue and Traffic of Carriers by Water—Calendar Year. Freight revenue, number of tons of revenue freight carried, revenue ton-miles, passenger revenue, and number of passengers carried.

A-750—Revenues, Expenses, Other Income, and Statistics of Class I Motor Carriers of Passengers—Calendar Year. Passenger operating revenues (intercity, local and suburban, charter, or special service), expenses, other income, vehicle-miles operated in intercity, local and suburban, charter, or special service, number of revenue passengers carried, man-hours paid for, and compensation of drivers.

A-800—Revenues, Expenses, Other Income, and Statistics of Class I Motor Carriers of Property—Calendar Year. Operating revenues (intercity, common and contract, local cartage, intercity transportation for other class I and class II motor carriers), expenses, other income, deductions and income taxes, truck- and tractor-miles operated in intercity freight service by common and contract carriers, tons of revenue freight transported in intercity service, operating ratio, and report of man-hours paid for and compensation of drivers and helpers.

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<sup>1</sup> Prepared by the Bureau of Accounts

*Quarterly*

- Q-100—Operating Revenues and Operating Expenses of Class I Railroads. Operating revenues, expenses, taxes, equipment and joint facility rents, and net railway operating income.
- Q-100-AS—Advance Summary of Revenues, Expenses, and Net Railway Operating Income, Class I Railroads. Operating revenues, operating expenses, taxes, equipment and joint facility rents, and net railway operating income.
- Q-125—Selected Income and Balance Sheet Items of Class I Railroads. Income account items, net income, dividends, expenditures for additions and betterments, current assets and liabilities, and analysis of taxes accrued.
- Q-150—Operating Revenues and Operating Expenses, Selected Items, of Large Railroads. Operating revenues, expenses, taxes, equipment and joint facility rents, and net railway operating income for individual roads.
- Q-200—Operating Statistics of Large Railroads. Freight and passenger operating statistics, consisting of miles of road operated, train-miles, car-miles, ton-miles, train-hours, locomotive units assigned to freight and passenger service, and number of freight cars on line for individual roads.
- Q-210—Train and Yard Service of Class I Railroads. Miles of road operated, train- and locomotive-unit miles, and car-miles; gross ton-miles of road locomotives and tenders, gross ton-miles of cars, contents, and cabooses, net ton-miles, train, train switching, and yard-switching hours.
- Q-220—Revenue Traffic Statistics of Class I Railroads. Number of revenue tons carried, freight revenue, and passenger revenue.
- Q-240—Motive Power and Car Equipment of Class I Railroads. Locomotive units assigned to yard-switching service, road freight service, and road passenger service. Motorcars owned, freight cars on line, home and foreign. Freight cars and passenger-train cars owned.
- Q-600—Transportation Revenue and Traffic of Large Oil Pipeline Companies. Transportation revenue and number of barrels of oil originated and received from connections, present and preceding year.
- Q-650—Revenue and Traffic of Carriers by Water. Freight revenue, number of tons of revenue freight carried, revenue ton-miles, passenger revenue, and number of passengers carried.
- Q-750—Revenues, Expenses, Other Income, and Statistics of Class I Motor Carriers of Passengers. Passenger operating revenues (intercity, local and suburban, charter or special service), expenses, other income, miles of highway over which intercity regular route operations conducted, vehicle-miles operated by buses in intercity, local and suburban, charter or special service, number of revenue passengers carried by buses for each route operation, man-hours paid for, and compensation of drivers.
- Q-800—Revenues, Expenses, Other Income, and Statistics of Large Motor Carriers of Property. Operating revenues (intercity, common and contract, local cartage, intercity transportation for other class I and class II motor carriers), expenses, other income, deductions and income taxes, truck- and tractor-miles operated in intercity freight service by common and contract carriers, tons of revenue freight transported in intercity service, operating ratio, report of man-hours paid for, and compensation of drivers and helpers.
- Q-950—Revenues, Expenses, and Statistics of Freight Forwarders. Operating revenues, expenses, income items, net income, tons of freight received from shippers, and number of shipments received from shippers.

*Monthly*

M-300—Wage Statistics of Class I Railroads in the United States. Number of employees, service hours, and compensation by occupation.

M-350—Preliminary Report of Railroad Employment, Class I Line-Haul Railroads. Number of employees at middle of month, group totals.

*Accounting and Costs<sup>2</sup>*

Statement No. 6-66, Rail Carload Unit Costs by Territories for the Year 1964.  
Statement No. 7-66, Cost of Transporting Freight by Class I and Class II Motor Common Carriers of General Commodities, by Regions or Territories for the Year 1965.

Statement No. 8-66, Explanation of Automatic Data Processing Procedures of Rail Form A, 8-64 Using IBM 7090.

Statement No. 9-66, Formula for Use in Determining Rail Freight Service Costs.

Statement No. 1-67, Procedures for Developing Rail Revenue Contribution by Commodity and Territory—Year 1964.

Statement No. 2-67, Cost of Transporting Freight by Class I and Class II Motor Common Carriers of General Commodities, New England Region—1965. Group I—Within New England Region.

Statement No. 3-67, Cost of Transporting Freight by Class I and Class II Motor Common Carriers of General Commodities, New England Region—1965. Group II—Between New England and New York City Area and Beyond.

Statement No. 4-67, Cost of Transporting Freight by Class I and Class II Motor Common Carriers of General Commodities, Middlewest Region—1965.

Statement No. 5-67, Cost of Transporting Freight by Class I and Class II Motor Common Carriers of General Commodities—Southwest Region—1965.

Statement No. 6-67, Cost of Transporting Freight by Class I and Class II Motor Common Carriers of General Commodities—Central Region—1965.

Statement No. 7-67, Rail Carload Unit Costs by Territories for the Year 1965.  
Schedule of Annual Indices for Carriers by Railroads (1965).

Schedule of Annual Indices for Carriers by Pipe Lines (1966).

*Transport Economics<sup>3</sup>*

Transport Economics. Recurring and special analyses of traffic, operations, equipment, finances, and employment of transportation industries, and related subjects. Issued monthly.

*Railroad Carload Waybill Sample Publications<sup>3</sup>*

Statement TD-1, Territorial Distribution. Traffic, and Revenue by Commodity Classes. Number of carloads, tons, revenue, short-line ton-miles, short-line car-miles, average tons per car, average miles per ton, average miles per car, average revenue per 100 pounds, average revenue per car, average revenue per car-mile, and average revenue per ton-mile by commodity groups and classes, for traffic within and between major territories.

Statement MB-1, Mileage Block Distribution. Designed to analyze rail carload traffic in terms of length of haul. Shows carloads, tons, revenue, short-line ton-miles, short-line car-miles, average tons per car, average short-line haul, and average revenues per hundredweight, per car, per short-line car-mile, and per short-line ton-mile, distributed by commodity, territorial movement, and type of rate for selected mileage or short-line length of haul blocks.

<sup>2</sup> Prepared by the Bureau of Accounts.

<sup>3</sup> Prepared by Bureau of Economics.



Statements SS-1, -2, -3, -4, -5, -6, and -7, State-to-State Distributions. Contain data on a state-to-state basis for the same characteristics as shown in Statement TD-1. SS-1 shows summary data, and SS-2 through SS-7 cover commodity classes in a major commodity group or groups.

Statements TC-1, -2, and -3, Distribution by Type of Car. Develop rail carload traffic characteristics in terms of type of car equipment used. Statement TC-1 shows the number of carloads by commodity class, type of car, and mileage block. Statement TC-2 contains data for the number of carloads by commodity class, type of car, and weight category. Statement TC-3 shows the number of carloads by commodity class, type of car, and territorial movement.

Statement MS-2A Petroleum Products. Contains annual totals for the number of carloads and tons for selected petroleum products by movement between Petroleum Administration Districts.

## APPENDIX E

### APPROPRIATIONS AND EMPLOYMENT

The following statement shows average employment and total appropriations for the fiscal years 1941 to 1968 for activities included under the current appropriation title "Salaries and Expenses."

Year	Appropriation	Average employment	Year	Appropriation	Average employment
1941-----	\$9,077,960	2,734.9	1955-----	\$11,679,655	1,859.1
1942-----	9,212,750	2,658.6	1956-----	12,896,000	1,002.2
1943-----	9,336,377	2,359.4	1957-----	14,879,696	2,090.1
1944-----	8,873,900	2,076.0	1958-----	17,412,375	2,237.8
1945-----	8,883,700	1,957.5	1959-----	18,747,800	2,268.1
1946-----	8,733,738	2,058.3	1960-----	19,650,000	2,343.6
1947-----	10,496,200	2,240.4	1961-----	21,451,500	2,386.1
1948-----	10,713,000	2,247.7	1962-----	22,075,000	2,399.7
1949-----	11,300,317	2,217.8	1963-----	23,502,800	2,412.8
1950-----	11,416,700	2,161.0	1964-----	24,670,000	2,407.8
1951-----	11,408,200	2,072.3	1965-----	26,715,000	2,399.8
1952-----	11,264,035	1,889.5	1966-----	27,540,000	2,375.1
1953-----	11,003,500	1,849.4	1967-----	<sup>1</sup> 27,169,000	<sup>2</sup> 1,928.8
1954-----	11,284,000	1,837.9	1968-----	23,460,000	<sup>3</sup> 1,921.9

<sup>1</sup> Excludes \$1,310,000 transferred to the Department of Transportation (Public Law 89-670) approved Oct. 15, 1966, and determination order of the Director of the Bureau of the Budget which authorized transfer of funds as of Apr. 1, 1967.

<sup>2</sup> Excludes average employment for those functions transferred to the Department of Transportation effective Apr. 1, 1967.

<sup>3</sup> Estimated. (Based on amounts shown in the President's budget for fiscal year 1968.)

### STATEMENT OF APPROPRIATION AND OBLIGATIONS FOR THE FISCAL YEAR ENDED JUNE 30, 1967

An act making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, offices, and the Department of Housing and Urban Development for the fiscal year ending June 30, 1967, and for other purposes. (Public Law 89-555, 89th Cong., approved Sept. 6, 1966.)

Salaries and expenses: For necessary expenses of the Interstate Commerce Commission, including services as authorized by section 15 of the act of August 2, 1946 (5 U.S.C. 55a), at rates for individuals not to exceed \$100 per diem; \$27,759,000: Provided, That Joint Board members and cooperating State commissioners may use Government transportation requests when traveling in connection with their duties as such-----	\$27,759,000
Supplemental appropriation (Public Law 90-21, 90th Cong., approved May 29, 1967)-----	720,000
Transfer to Department of Transportation (Public Law 89-670 approved Oct. 15, 1966, and determination order of the Director of the Budget which authorized transfer of unobligated funds to the Department of Transportation as of Apr. 1, 1967)-----	-1,310,000
Amount available-----	27,169,000

Obligations and unobligated balance of appropriation as of June 30, 1967. The obligations shown represent net obligation after deducting reimbursements from non-Federal sources and all credits for services and salaries charged to other Government activities.

Net obligations under appropriation for the year ended June 30, 1967: Salaries and expenses..... \$27, 088, 536

Unobligated balance of appropriation: Salaries and expenses.. 80, 464  
Statement of receipts from fees and charges during the fiscal year ended June 30, 1967:

Registration and filing fees.....	1, 134, 630
Fees and other charges for other administrative services.....	9, 554
Miscellaneous fees for permits and licenses, not otherwise classified .....	1, 280
Sale of publication and reproductions.....	30, 087
Fees and other charges for miscellaneous services.....	37, 974

Total receipts from fees and charges..... 1, 213, 525



## APPENDIX F

### ICC UNIT OF THE NATIONAL DEFENSE EXECUTIVE RESERVE

*Status of membership and recruitment at close of fiscal year*

NDER group	Fiscal year 1965			Fiscal year 1966			Fiscal year 1967		
	On rolls	Additional nominees	Total	On rolls	Additional nominees	Total	On rolls	Additional nominees	Total
Rail.....	498	70	568	536	108	644	549	148	697
Motor.....	203	12	215	208	9	217	208	8	216
Water.....	43	12	55	42	9	51	43	9	52
Other.....	15	0	15	15	0	15	15	4	19
Total....	759	94	853	801	126	927	815	169	984

# APPENDIX G

## TRANSPORTATION STATISTICS

TABLE 1

NUMBER OF CARRIERS SUBJECT TO UNIFORM SYSTEMS OF ACCOUNTS AND REQUIRED  
TO FILE ANNUAL AND PERIODIC REPORTS AS OF JUNE 30, 1967

Railroads, class I.....	77
Railroads, class II.....	302
Railroad switching and terminal companies, class I.....	22
Railroad switching and terminal companies, class II.....	156
Railroad lessor companies.....	142
Motor carriers, class I passenger.....	<sup>1</sup> 286
Motor carriers, class I property.....	1, 389
Motor carriers, class II property.....	2, 769
Oil pipelines.....	84
Water carriers.....	92
Maritime carriers.....	19
Electric railways.....	14
Freight forwarders.....	62
Protective service companies.....	7
Express companies.....	1
Sleeping car companies.....	1
Stockyard companies.....	<sup>2</sup> 36
Holding companies (rail).....	5
Total.....	<u>5, 464</u>

NUMBER OF CARRIERS AND ORGANIZATIONS FILING ANNUAL REPORTS BUT  
NOT SUBJECT TO PRESCRIBED UNIFORM SYSTEMS OF ACCOUNTS AS OF JUNE  
30, 1967

Carlines (companies which furnish cars for use on lines of railroads)....	151
Class II and III motor carriers of passengers.....	823
Class III motor carriers of property.....	11, 238
Water carriers (less than \$100,000 gross revenue).....	103
Freight forwarders (less than \$100,000 gross revenue).....	21
Holding companies (Motor).....	34
Street electric lines.....	2
Rate bureaus and organizations.....	103
Total.....	<u>12, 475</u>
Grand total.....	<u>17, 939</u>

<sup>1</sup> Includes 10 combination (property and passenger) carriers.

<sup>2</sup> Includes 12 stockyard company lessors.

TABLE 2.—*Revenues, net investment, and taxes, 1966*<sup>1</sup>

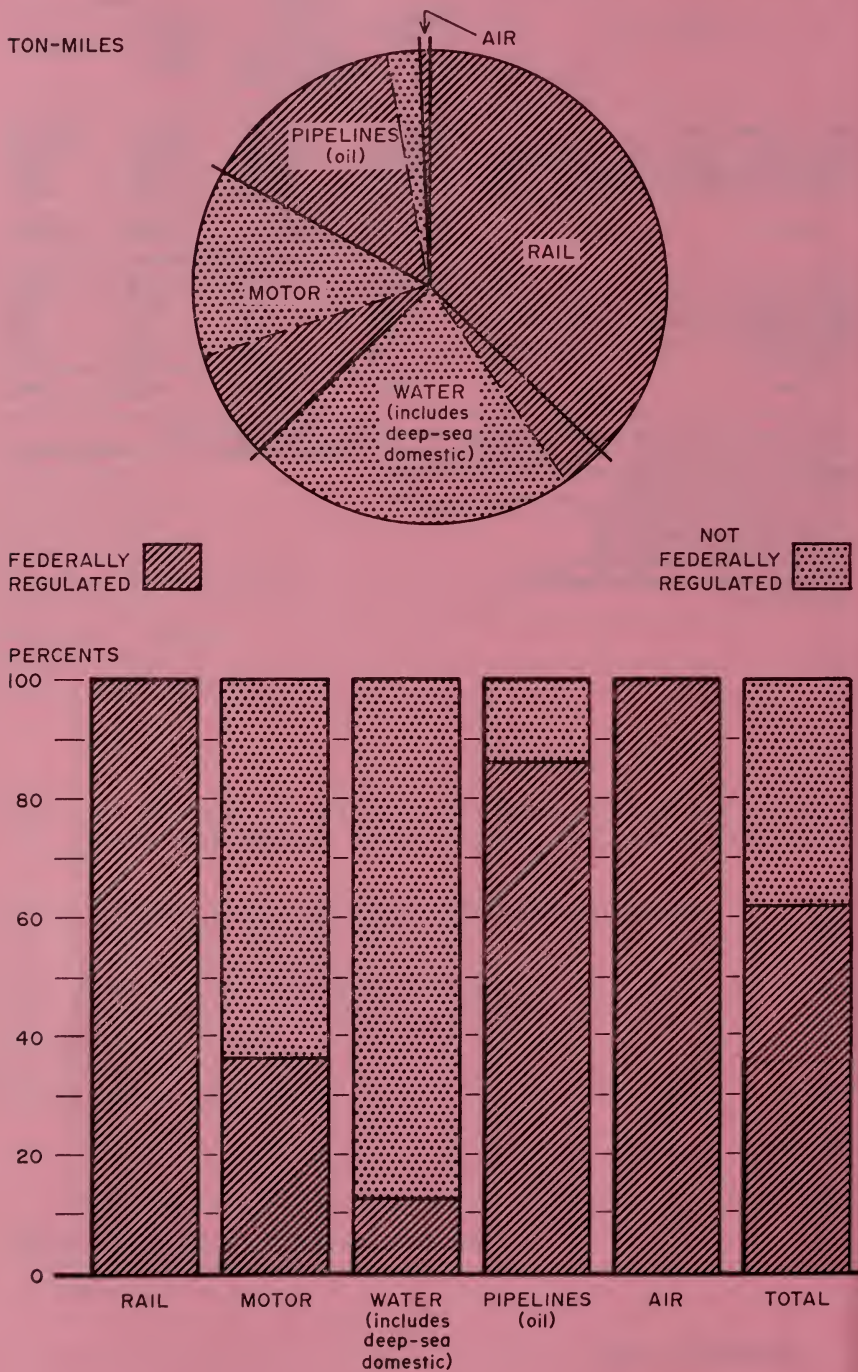
[Thousands]

Kind of carrier	Operating revenues	Net invest- ment in carrier operating property and equipment Dec. 31, 1965	Taxes	
			Income and excess profits	All other
Class I line-haul railroads <sup>2</sup> .....	<sup>1</sup> \$10,654,666	\$23,296,786	<sup>4</sup> \$186,325	\$782,047
Motor carriers of property (class I intercity).....	<sup>10</sup> 7,882,472	<sup>10</sup> 1,499,833	<sup>4</sup> <sup>10</sup> 119,345	<sup>6</sup> <sup>10</sup> 490,778
Motor carriers of passengers (class I intercity).....	645,942	302,250	<sup>4</sup> 37,682	<sup>7</sup> 45,173
Water carriers (class A and class B).....	<sup>8</sup> 298,090	241,261	<sup>4</sup> 12,224	4,383
Oil pipelines <sup>9</sup> .....	941,138	2,231,125	<sup>4</sup> 128,121	57,387
Total.....	20,422,308	27,571,255	483,697	1,379,768
Percentage distribution				
Class I line-haul railroads.....	52.2	84.5	38.5	56.7
Motor carriers of property.....	38.6	5.4	24.7	35.6
Motor carriers of passengers.....	3.2	1.1	7.8	3.3
Water carriers.....	1.4	0.9	2.5	0.3
Oil pipelines.....	4.6	8.1	26.5	4.1
Total.....	100.0	100.0	100.0	100.0

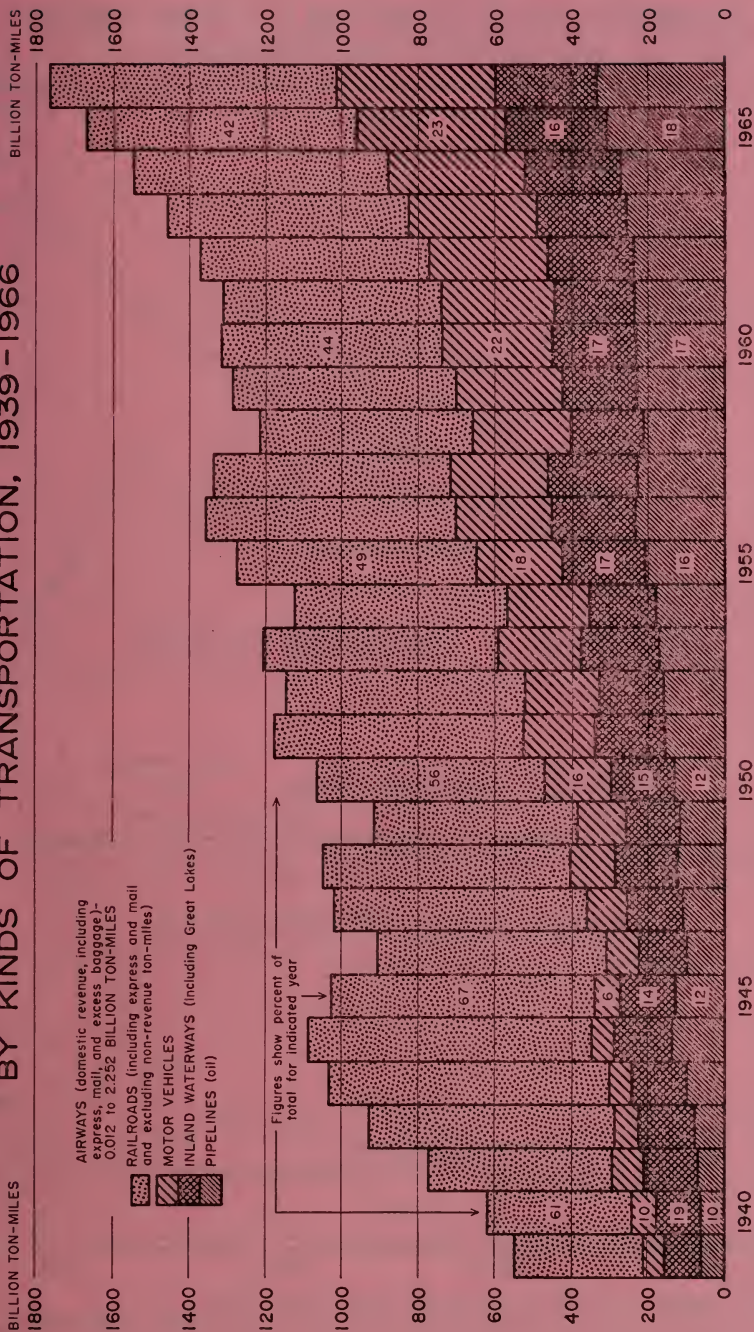
<sup>1</sup> Net investment in carrier property and equipment at the close of the preceding year.<sup>2</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.<sup>3</sup> Railway operating revenues.<sup>4</sup> U.S. Government income and excess profits taxes only.<sup>5</sup> U.S. and State taxes combined.<sup>6</sup> From Quarterly Report Q-800.<sup>7</sup> From Quarterly Report Q-750.<sup>8</sup> Total waterline operating revenues.<sup>9</sup> Does not include 5 pipeline departments.<sup>10</sup> Preliminary.



# INTERCITY TON-MILES OF FEDERALLY REGULATED AND NOT FEDERALLY REGULATED CARRIERS, 1965



# INTERCITY TON-MILES, PUBLIC AND PRIVATE, BY KINDS OF TRANSPORTATION, 1939-1966

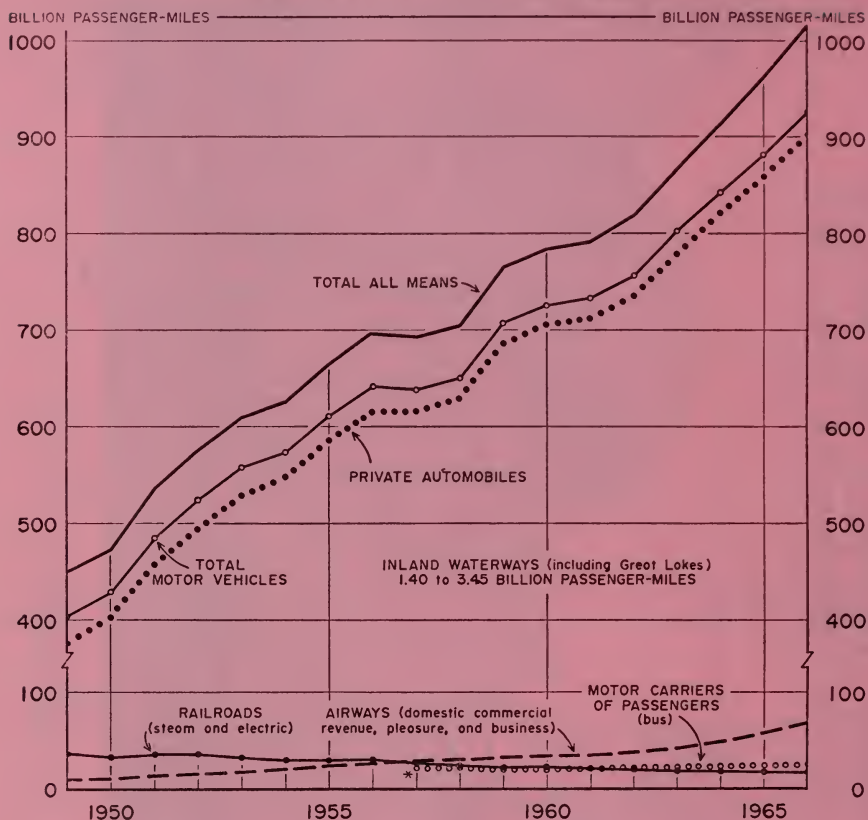


Source: 1939-1959, I.C.C., Bureau of Transport Economics and Statistics, *Intercity Ton-Miles, 1939-1959*, Statement No. 6103; 1960-1966, Annual Reports of the Interstate Commerce Commission; 1966, staff estimates.

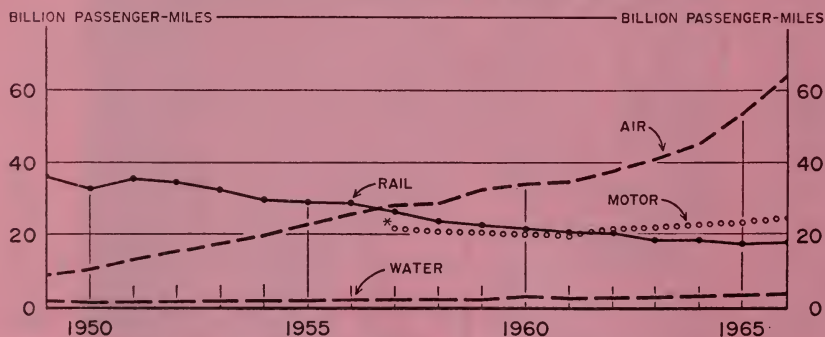


# INTERCITY PASSENGER-MILES, 1949-1966

## TOTAL INTERCITY PASSENGER-MILES



## REVENUE INTERCITY PASSENGER-MILES



\* Data for 1949-1956 on motor carriers not comparable because of change in base.

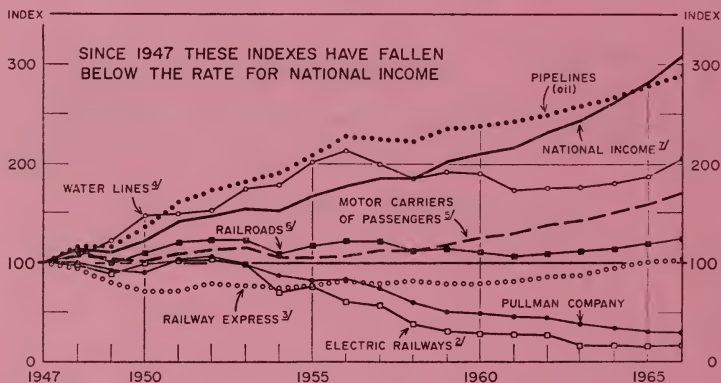
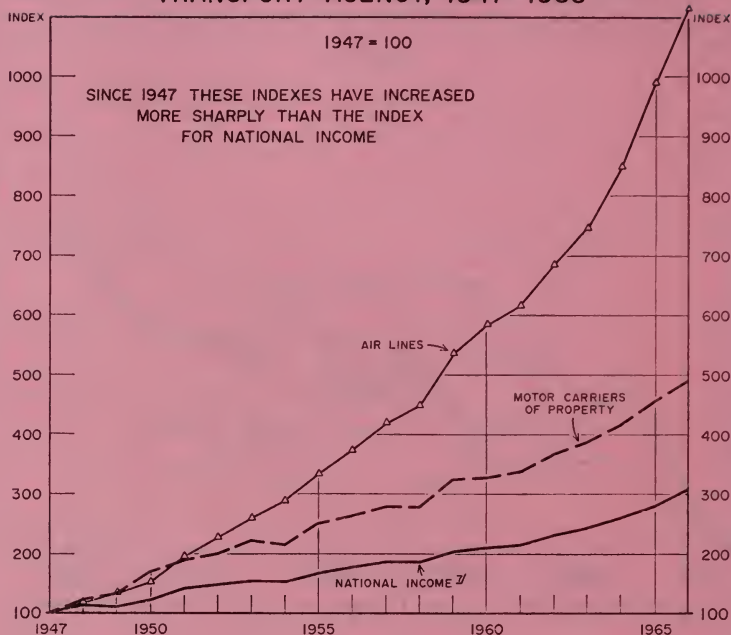
Source: 1949-1956, I.C.C., Bureau of Transport Economics and Statistics, *Intercity Passenger-Miles, 1949-1956*, Statement No. 580; 1957-1965 Annual Reports of the Interstate Commerce Commission; 1966, staff estimates.



INDEXES OF INTERCITY TON-MILES, INDUSTRIAL PRODUCTION,  
AND GROSS NATIONAL PRODUCT (LESS SERVICES), 1939-1966

Source: Federal Reserve Board, Office of Business Economics, and Interstate Commerce Commission.

# INDEXES OF OPERATING REVENUES,<sup>1/</sup> BY TRANSPORT AGENCY, 1947-1966



<sup>1</sup> Partly estimated.

<sup>2</sup> Shifts of carriers from electric to line-haul railroad and other classification and partial and complete abandonments have affected the decline by an indeterminate amount.

<sup>3</sup> After deducting payments to others for express privileges.

<sup>4</sup> Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

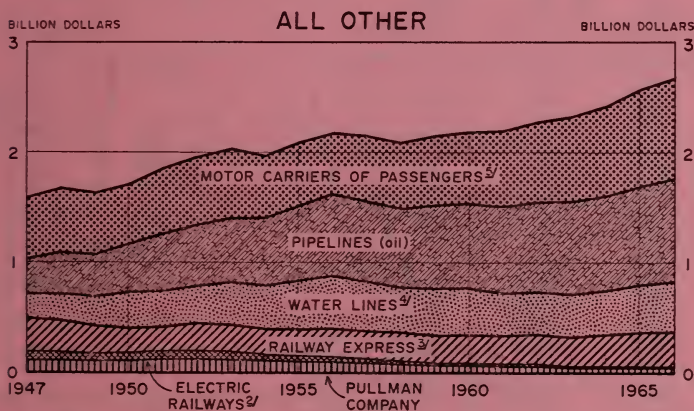
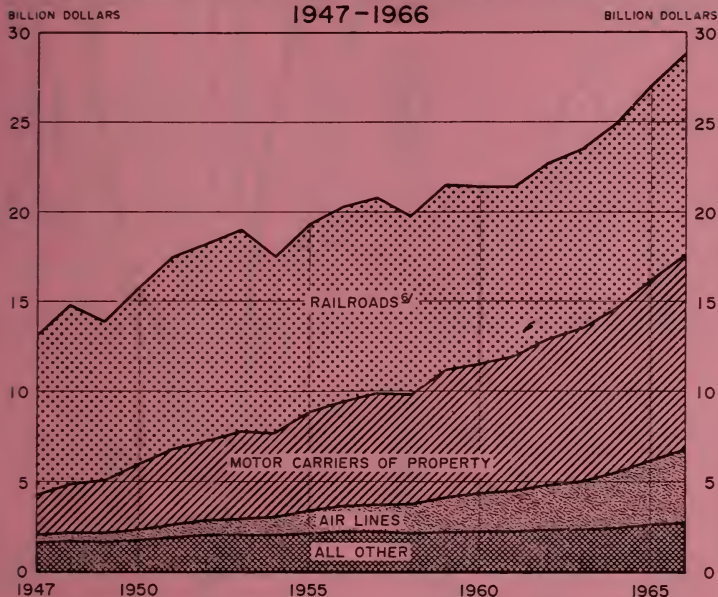
<sup>5</sup> Does not include motor carrier revenues of electric railways, included under electric railways.

<sup>6</sup> Includes switching and terminal companies.

<sup>7</sup> Revised national income. Source: U.S. Department of Commerce, *Survey of Current Business*, July 1967.

Sources: 1947-65, Annual Reports of the Interstate Commerce Commission; revised motor carrier revenues, 1947-56, ICC Bureau of Transport Economics and Statistics, *Statistics of Class I, II, and III Motor Carriers, 1939-1956*, Statement No. 589; and 1966, staff estimates. Air data from Civil Aeronautics Board; data cover operating revenues in domestic revenue operations only, including Alaskan but not overseas, and do include the local Hawaiian line within those islands. Inclusion of Alaskan and Hawaiian data makes no perceptible difference in the chart.

# OPERATING REVENUES,<sup>1/</sup> BY TRANSPORT AGENCY 1947-1966



<sup>1</sup> Partly estimated.

<sup>2</sup> Shifts of carriers from electric to line-haul railroad and other classification and partial and complete abandonments have affected the decline by an indeterminate amount.

<sup>3</sup> After deducting payments to others for express privileges.

<sup>4</sup> Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

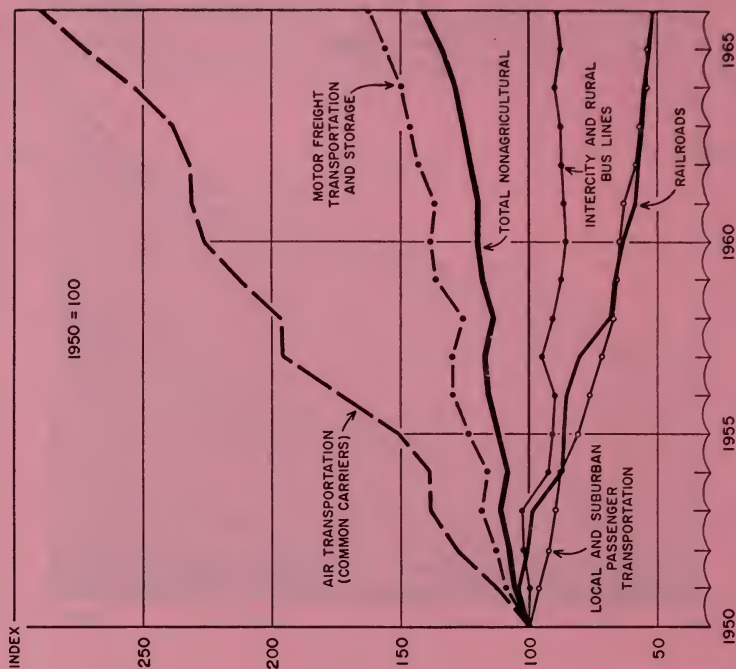
<sup>5</sup> Does not include motor carrier revenues of electric railways, included under electric railways.

<sup>6</sup> Includes switching and terminal companies.

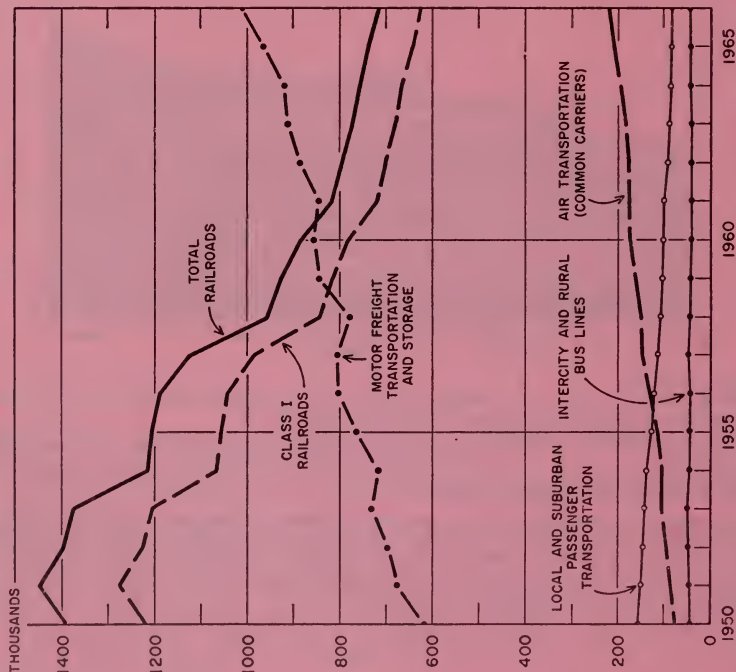
Sources: 1947-65, Annual Reports of the Interstate Commerce Commission; revised motor carrier revenues, 1947-66, ICC Bureau of Transport Economics and Statistics, *Statistics of Class I, II, and III Motor Carriers, 1939-1956*, Statement No. 589; and 1966, staff estimates. Air data from Civil Aeronautics Board; data cover operating revenues in domestic revenue operations only, including Alaskan but not overseas, and do include the local Hawaiian line within those islands. Inclusion of Alaskan and Hawaiian data makes no perceptible difference in the chart.



INDEXES OF TOTAL NONAGRICULTURAL EMPLOYMENT AND EMPLOYMENT IN TRANSPORTATION DIVISIONS, 1950-1966



EMPLOYMENT IN TRANSPORTATION DIVISIONS, 1950-1966



Source: Bureau of Labor Statistics, Department of Labor; includes revisions in October 1966 issue of *Employment and Earnings Statistics* for the United States 1909-66, and 1966 data in March 1967 issue of *Employment and Earnings*.

TABLE 3.—*Railroad companies in reorganization (or receivership) proceedings*

	<i>Miles of line operated</i> <sup>1</sup>
Proceedings under sec. 77 of the Bankruptcy Act:	
Boston & Providence R.R. Corp. <sup>2</sup> .....	64
Central R.R. Co. of N.J.....	1, 420
New Jersey & New York R.R. Co.....	38
New York, New Haven & Hartford R.R. Co.....	1, 653
Receivership proceedings:	
Waco, Beaumont Trinity & Savine Ry. Co. <sup>3</sup> .....	18
Tennessee R.R. Co.....	57

<sup>1</sup> As of June 30, 1967.<sup>2</sup> Owned mileage 64. Leased to Old Colony R.R. Co.; operated by New York, New Haven & Hartford R.R. Co.<sup>3</sup> Not in operation. Owned mileage 18.TABLE 4.—*Cars installed, retired and ordered, fiscal years 1952, 1957, 1962, 1967*

	1952	1957	1962	1967
<b>CARS INSTALLED</b>				
Box.....	31, 849	31, 364	7, 368	29, 088
Refrigerator.....	4, 525	4, 370	2, 900	5, 312
Gondola.....	20, 020	8, 224	441	7, 681
Hopper.....	19, 372	23, 367	10, 340	16, 891
Covered Hopper.....	2, 639	5, 735	2, 415	18, 890
Flat.....	2, 356	2, 164	1, 612	3, 627
Other.....	2, 180	4, 279	266	2, 944
Total cars.....	82, 941	79, 503	25, 342	84, 433
<b>CARS RETIRED</b>				
Box.....	19, 382	21, 746	36, 057	34, 428
Refrigerator.....	4, 259	4, 367	6, 170	4, 262
Gondola.....	12, 348	9, 131	9, 316	14, 827
Hopper.....	16, 062	12, 350	27, 297	17, 819
Covered Hopper.....	8	118	281	1, 293
Flat.....	1, 538	730	1, 818	1, 236
Other.....	1, 349	2, 430	4, 045	2, 529
Total cars.....	54, 946	50, 872	84, 984	76, 394
<b>CARS ORDERED</b>				
Box.....	17, 348	9, 872	7, 527	11, 224
Refrigerator.....	3, 135	3, 040	2, 847	4, 222
Gondola.....	12, 716	9, 445	732	5, 701
Hopper.....	16, 271	19, 137	9, 268	10, 567
Covered Hopper.....	4, 396	5, 692	4, 806	12, 960
Flat.....	2, 354	1, 005	4, 941	8, 316
Other.....	7, 080	5, 498	6, 518	10, 644
Total cars.....	63, 300	53, 689	36, 639	63, 634

*Ownership, serviceable ownership, and turnaround time, class I railroads*

	Fiscal year			
	1952	1957	1962	1967
<b>OWNERSHIP</b>				
Plain box.....	683,938	680,597	591,433	444,455
Equipped box.....	50,856	51,476	58,848	131,905
Total box.....	734,794	732,073	650,281	576,360
Refrigerators.....	99,204	99,432	87,666	103,347
Gondolas.....	295,771	277,516	252,952	204,673
Hoppers.....	558,662	517,428	459,812	425,302
Covered Hoppers.....	27,909	50,156	67,129	114,999
Flat.....	47,662	50,183	53,652	66,333
Others.....	80,904	83,234	70,882	59,934
Total cars.....	1,844,906	1,810,022	1,642,374	1,550,948
<b>SERVICEABLE CARS</b>				
Plain box.....	647,856	651,527	542,305	413,690
Equipped box.....	46,528	48,965	55,289	126,910
Total box.....	694,384	700,492	597,594	540,600
Refrigerators.....	93,975	93,938	84,183	99,913
Gondolas.....	275,635	261,756	221,883	190,373
Hoppers.....	526,967	494,771	423,058	407,317
Covered Hoppers.....	27,439	49,308	65,690	112,021
Flat.....	45,368	48,283	50,847	63,269
Others.....	75,883	79,911	67,585	57,772
Total cars.....	1,739,651	1,728,459	1,510,840	1,471,265
<b>Calendar year</b>				
	1951	1956	1961	1966
<b>TURNAROUND TIME—DAYS</b>				
Box.....	14.92	16.19	19.76	19.35
Refrigerators.....	26.62	28.08	32.33	39.62
Gondolas.....	14.44	16.07	22.47	19.09
Hoppers.....	13.72	14.09	17.13	13.88
Covered Hoppers.....	15.77	16.63	21.85	20.21
Flat.....	21.93	22.22	15.06	12.29
Total cars.....	15.35	16.37	19.85	17.98



TABLE 5.—Trailer-on Flatcar loadings<sup>1</sup> by districts 1964-67

	Calendar year—						First half of—			
	1964 <sup>r</sup>		1965 <sup>r</sup>		1966		1966		1967	
	Cars	Per-cent	Cars	Per-cent	Cars	Per-cent	Cars	Per-cent	Cars	Per-cent
Cars loaded:										
Eastern district <sup>2</sup> .....	434,039	48.7	490,872	47.5	539,213	46.4	262,972	46.6	260,493	44.4
Southern district.....	122,529	13.8	164,043	15.8	193,055	16.6	97,897	17.4	106,443	18.2
Western district.....	334,180	37.5	379,462	36.7	430,463	37.0	202,647	36.0	219,177	37.4
Total.....	890,748	100.0	1,034,377	100.0	1,162,731	100.0	563,516	100.0	586,113	100.0
Percent increase from the previous period:										
Eastern district.....		12.0		13.1		9.8		10.3		3.9
Southern district.....		20.9		33.9		17.7		26.1		8.7
Western district.....		8.2		13.6		13.4		12.9		8.2
Total.....		11.7		16.1		12.4		13.7		4.0
Weekly average.....	17,130		19,892		22,360		21,674		22,543	
Maximum week.....	20,176		22,988		25,513		23,960		24,812	
Number of reporting railroads.....	62		63		56		56		57	

<sup>r</sup>Revised.<sup>1</sup> Includes gondola cars and flatcars loaded with van containers (without trailer chassis and wheels).<sup>2</sup> Eastern district includes the Pocahontas region in each year. In the 79th and earlier annual reports, Pocahontas roads were included in the southern district.<sup>3</sup> Decrease.

Source: Association of American Railroads.

TABLE 6.—Mileage operated and mileage owned by railroads in the United States, 1957-66

Year ended Dec. 31—	Road owned in the United States <sup>1</sup> (first main track)	Total miles of all tracks operated, excluding trackage rights <sup>2</sup>	Mileage operated by classes I and II line-haul railroads (including trackage rights)			
			First main track	2d or additional main tracks	Yard track and sidings	All tracks
1957.....	219,067	365,915	232,177	37,123	117,678	386,978
1958.....	218,399	364,353	231,494	36,448	117,322	385,264
1959.....	217,565	362,506	230,930	35,746	117,236	383,912
1960.....	217,552	360,566	230,169	34,800	116,776	381,745
1961.....	216,445	357,917	229,369	33,853	116,193	379,415
1962.....	215,090	354,460	227,851	32,719	115,720	376,290
1963.....	214,387	352,346	227,282	32,153	115,087	374,522
1964.....	212,059	349,982	226,753	31,535	114,012	372,300
1965 <sup>3</sup> .....	211,384	348,002	226,015	31,113	113,508	370,636
1966.....	210,573	346,573	225,528	30,906	113,670	370,104

<sup>1</sup> Includes mileage of some small companies that do not make annual reports to the Commission.<sup>2</sup> Includes mileage of classes I and II line-haul railroads and switching and terminal companies.<sup>3</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more, and that of a class II railroad was increased from less than \$3,000,000 to less than \$5,000,000.

TABLE 7.—*Equipment of railroads, including switching and terminal companies, in service at the close of each year, 1957-66*<sup>1</sup>

Year ended Dec. 31—	Locomotives							
	Steam		Electric		Diesel		Other	
	Number	Average tractive effort <sup>2</sup>	Number	Average tractive effort <sup>2</sup>	Number	Average tractive effort <sup>2</sup>	Number	Average tractive effort <sup>2</sup>
		<i>Pounds</i>		<i>Pounds</i>		<i>Pounds</i>		<i>Pounds</i>
1957-----	2,608	72,030	597	65,696	29,137	60,479	49	<sup>3</sup> 117,567
1958-----	1,488	73,692	562	66,914	29,515	60,593	51	<sup>3</sup> 135,875
1959-----	871	73,298	517	71,221	30,097	60,911	54	<sup>3</sup> 156,297
1960-----	374	76,920	498	64,102	30,240	61,122	66	<sup>3</sup> 169,592
1961-----	210	77,651	484	66,539	30,123	61,829	72	<sup>3</sup> 174,732
1962-----	136	45,020	441	69,274	30,057	61,323	67	<sup>3</sup> 180,140
1963-----	112	43,333	438	70,958	29,898	61,411	58	<sup>3</sup> 196,538
1964-----	93	42,176	402	71,888	29,745	62,200	56	<sup>3</sup> 180,417
1965 <sup>4</sup> -----	89	42,069	365	73,177	29,552	62,985	55	<sup>3</sup> 180,417
1966-----	76	39,600	347	74,151	29,644	70,888	57	<sup>3</sup> 180,417

Year ended Dec. 31—	Cars				
	Freight cars (excluding caboose)		Passenger train (number)	Coaches	
	Number	Average capacity <sup>2</sup>		Number	Average seating capacity <sup>2</sup>
		<i>Tons</i>			Number air-con- ditioned <sup>3</sup>
1957-----	1,777,557	54.5	29,564	12,328	75
1958-----	1,755,775	54.8	28,999	11,934	76
1959-----	1,708,116	55.0	27,419	11,121	76
1960-----	1,690,396	55.4	25,746	10,287	76
1961-----	1,635,342	55.7	24,433	9,840	76
1962-----	1,581,213	56.3	23,430	9,432	77
1963-----	1,542,456	56.8	22,616	9,286	78
1964-----	1,517,564	58.2	21,510	8,739	79
1965 <sup>4</sup> -----	1,515,169	59.8	20,022	8,086	76
1966-----	1,523,741	61.4	18,974	7,754	76

<sup>1</sup> Privately owned cars and cars owned or leased by the Pullman Co., are not included. In 1966 privately owned freight carrying cars, other than those leased to railroads, numbered 253,808 and cars owned or leased by the Pullman Co., 1,248.

<sup>2</sup> Class I railroads.

<sup>3</sup> Includes gas turbine electric locomotives having average tractive effort as follows: 1957, 25 locomotives of 137,920 pounds; 1958, 29 locomotives of 147,931 pounds; 1959, 36 locomotives of 160,111 pounds; 1960, 48 locomotives of 172,729 pounds; 1961, 55 locomotives of 177,564 pounds; 1962, 49 locomotives of 183,429 pounds; 1963, 38 locomotives of 203,263 pounds; and 1964, 1965, and 1966, 31 locomotives of 199,613 pounds.

<sup>4</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more, and that of class II railroad was increased from less than \$3,000,000 to less than \$5,000,000.

TABLE 8.—Shareholders' equity and long-term debt, 1957-66: Line-haul railroads and their lessor subsidiaries

Year ended Dec. 31—	Shareholders' equity					Total long-term debt <sup>3</sup>	Total equity and debt	Ratio of debt to total equity and debt
	Total	Common stock	Preferred stock	Capital surplus <sup>1</sup>	Retained income <sup>2</sup>			
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>
1957.....	\$18,565,026	\$6,290,287	\$1,369,233	\$1,250,820	\$9,654,686	\$10,288,857	\$28,853,883	35.66
1958.....	18,630,351	6,242,782	1,266,001	1,300,608	9,820,960	10,221,232	28,851,583	35.43
1959.....	18,775,600	6,233,568	1,245,673	1,294,674	10,001,685	10,005,968	28,781,568	34.77
1960.....	18,803,151	6,185,118	1,218,061	1,327,193	10,072,779	9,844,332	28,647,483	34.36
1961.....	18,740,636	5,525,666	1,212,147	1,909,967	10,092,856	9,691,863	28,432,499	34.09
1962.....	19,038,868	5,537,442	1,200,857	1,947,310	10,353,259	9,568,397	28,607,265	33.45
1963.....	19,337,536	5,591,821	1,189,239	2,040,550	10,515,926	9,544,372	28,881,908	33.05
1964.....	19,330,248	5,536,997	1,164,029	2,080,314	10,548,908	9,721,145	29,051,393	33.46
1965 <sup>4</sup> .....	19,691,469	5,579,834	1,115,727	2,070,710	10,925,198	10,076,631	29,768,100	33.85
1966.....	20,118,717	5,639,239	1,090,632	2,087,575	11,301,271	10,541,045	30,659,762	34.38

<sup>1</sup> Does not include class II line-haul railroads and their lessors.

<sup>2</sup> Includes capital surplus of class II line-haul railroads and their lessors.

<sup>3</sup> Does not include amounts payable to affiliated companies except by class II line-haul railroads.

<sup>4</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more, and that of a class II railroad was increased from less than \$3,000,000 to less than \$5,000,000.

TABLE 9.—Dividends, 1957-66: Line-haul railroads and their lessor subsidiaries

Year ended Dec. 31—	Proportion of stock-paying dividends <sup>1</sup>	Amounts of dividends <sup>1</sup>	Dividends declared <sup>2</sup>	
			On preferred stock	On common stock
	<i>Percent</i>	<i>Thousands</i>		
1957.....	84.41	\$466,415	\$46,500,614	\$391,889,328
1958.....	70.45	444,982	42,258,920	376,506,263
1959.....	76.89	431,860	40,996,898	364,643,640
1960.....	75.88	411,650	36,454,767	349,040,714
1961.....	64.74	385,017	31,259,322	328,192,149
1962.....	63.60	394,116	30,338,958	339,735,118
1963.....	65.81	412,815	33,182,241	350,244,155
1964.....	73.52	492,443	42,510,146	414,680,397
1965 <sup>3</sup> .....	72.36	532,649	36,065,195	436,934,818
1966.....	69.97	547,567	35,135,512	466,390,828

<sup>1</sup> Includes figures for lessors and operating railroads without excluding duplications on account of inter-corporate payments. Stock dividends for the last 10 years have been as follows: \$635,174 in 1957, \$46,282,730 in 1958, \$2,402,789 in 1959, of which \$65,364 was credited to "Capital Surplus" for amount in excess of par value of stock dividends declared; \$2,329 in 1960, \$1,890,200 in 1961, \$1,910,451 in 1962, \$4,877,125 in 1963, \$482,123 in 1964, \$2,199,705 in 1965, and \$2,412,160 in 1966.

<sup>2</sup> By class I line-haul railroads.

<sup>3</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more, and that of a class II railroad was increased from less than \$3,000,000 to less than \$5,000,000.



TABLE 10.—*Reported property investment and selected income items, 1957-66: Line-haul railroads and their lessor subsidiaries*

Year ended Dec. 31—	Investment <sup>1</sup>	Invest- ment per mile of road	Deprecia- tion reserve <sup>2</sup>	Net railway operating income <sup>3</sup>	Other income <sup>4</sup>	Fixed charges and other deduc- tions <sup>5</sup>	Net income
	<i>Thousands</i>		<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
1957 .....	\$34,614,517	\$158,255	\$7,800,925	\$934,645	\$277,634	\$460,730	\$765,227
1958 .....	\$34,934,471	160,179	8,043,497	772,898	323,153	482,439	630,033
1959 .....	\$35,157,554	161,834	8,295,563	760,140	306,732	475,575	607,924
1960 .....	\$35,513,351	163,885	8,532,411	594,618	338,466	475,520	473,175
1961 .....	\$35,541,973	164,842	8,792,724	547,045	312,524	464,552	410,140
1962 .....	\$34,361,477	160,440	8,982,196	735,266	313,199	464,228	600,393
1963 .....	\$34,519,308	161,719	9,142,817	815,952	318,557	468,564	681,325
1964 .....	\$34,868,685	164,456	9,265,154	828,433	362,213	476,948	733,220
1965 <sup>7</sup> .....	\$35,489,328	167,927	9,341,655	980,066	366,383	507,907	865,899
1966 .....	\$36,618,069	173,929	9,479,469	1,065,232	398,994	535,839	957,359

<sup>1</sup> Includes investment of operating, lessor and proprietary companies. Proprietary companies do not render annual reports to the Commission but information concerning them is given in reports of the operating companies.

<sup>2</sup> Includes amortization of defense projects.

<sup>3</sup> Classes I and II line-haul railroads.

<sup>4</sup> Includes amounts received as interest or dividends on railroad securities owned by reporting carriers. See Transport Statistics in the United States, table 109. Figures represent classes I and II line-haul railroads.

<sup>5</sup> The interest included represents accruals, not payments. Figures represent classes I and II line-haul railroads.

<sup>6</sup> Includes investment of lessor and proprietary companies, as follows, but excludes investment of proprietary companies in systems which file consolidated annual reports combining the mileage, investment and other items on a net system basis:

Year	Lessor companies	Proprietary companies	Year	Lessor companies	Proprietary companies
	<i>Thousands</i>	<i>Thousands</i>		<i>Thousands</i>	<i>Thousands</i>
1957 .....	\$2,335,220	\$500,539	1962 .....	\$2,039,217	\$494,198
1958 .....	2,238,968	501,004	1963 .....	2,019,536	488,986
1959 .....	2,194,123	512,011	1964 .....	2,338,506	412,843
1960 .....	2,171,069	510,363	1965 .....	2,419,142	282,815
1961 .....	2,102,273	502,164	1966 .....	2,289,396	280,168

<sup>7</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more, and that of a class II railroad was increased from less than \$3,000,000 to less than \$5,000,000.

TABLE 11.—*Selected balance sheet items, 1957-66: Class I line-haul railroads and their lessor subsidiaries*

Year ended Dec. 31—	Current assets	Net invest- ment in transporta- tion property	All other assets	Current liabilities <sup>1</sup>	Long-term debt	All other liabilities	Share- holders' equity
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
1957 .....	\$3,221,842	\$25,928,467	\$3,182,141	\$1,928,844	\$10,977,187	\$1,120,275	\$18,306,144
1958 .....	3,147,256	26,012,615	3,015,483	2,129,840	10,614,720	1,061,404	18,369,390
1959 .....	3,154,043	25,967,635	3,110,464	2,260,406	10,386,430	1,080,772	18,504,534
1960 .....	2,939,773	26,098,028	3,089,336	2,259,987	10,244,727	1,095,178	18,527,245
1961 .....	3,004,927	25,878,373	2,965,344	2,396,721	10,072,311	916,665	18,462,947
1962 .....	3,055,840	24,595,106	4,376,231	2,371,290	9,927,493	956,654	18,751,740
1963 .....	3,340,787	24,567,847	4,530,866	2,538,680	9,880,445	979,298	19,041,077
1964 .....	3,360,609	24,901,495	4,685,693	2,651,726	10,064,819	1,186,517	19,044,735
1965 <sup>2</sup> .....	3,209,721	25,331,792	4,617,318	2,577,907	10,190,709	1,154,794	19,235,421
1966 .....	3,282,232	26,305,504	4,707,983	2,826,181	10,597,461	1,190,407	19,681,670

<sup>1</sup> Includes long-term debt due within 1 year in 1958-65. This item included in long-term debt in prior years.

<sup>2</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 12.—*Operating revenues, operating expenses, and net income, class I line-haul railroads, 1957-67*

Year ended Dec. 31—	Freight revenues	Passenger revenues	Total operating revenues	Total transportation expense	Total operating expenses	Operating ratio	Net railway operating income	Net income
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>	<i>Thousands</i>	<i>Thousands</i>
1957-----	\$8,928,511	\$735,339	\$10,491,390	\$4,094,780	\$8,227,522	78.42	\$922,334	\$737,431
1958-----	8,070,826	675,296	9,564,568	3,834,340	7,543,842	78.87	762,296	601,737
1959-----	8,312,181	651,168	9,825,060	3,887,710	7,704,815	78.42	747,677	577,719
1960-----	8,025,423	640,268	9,514,294	3,832,882	7,565,336	79.52	584,016	444,640
1961-----	7,739,044	624,688	9,189,133	3,710,832	7,274,260	79.16	537,771	382,444
1962-----	7,991,146	619,056	9,439,895	3,755,092	7,418,562	78.59	725,679	571,017
1963-----	8,146,131	588,104	9,559,522	3,771,254	7,451,648	77.95	805,658	651,637
1964-----	8,455,457	577,910	9,856,527	3,920,622	7,737,847	78.50	818,213	698,184
1965 <sup>1</sup> -----	8,835,958	553,056	10,207,850	4,020,161	7,849,841	76.90	961,516	814,629
1966-----	9,280,613	543,632	10,654,666	4,139,268	8,117,657	76.19	1,045,863	903,783
January- June 1966.	4,604,339	253,633	5,249,255	2,026,904	3,989,204	76.00	515,457	432,227
January- June 1967.	4,538,562	238,107	5,164,189	2,085,757	4,096,275	79.32	323,504	264,320

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 13.—*Taxes and equipment rents, class I line-haul railroads, 1957-67*

Year ended Dec. 31—	Railway tax accruals	Equipment and joint facility rents (net)	Other income	Interest, rents, and other deduc- tions	Federal income and excess-profits taxes <sup>1</sup>
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
1957-----	\$1,068,419	—\$273,116	\$289,349	\$474,252	\$320,338
1958-----	957,175	—301,255	333,136	493,695	240,972
1959-----	1,047,635	—324,934	314,553	484,511	267,645
1960-----	998,799	—366,143	346,328	485,705	202,903
1961-----	991,083	—386,023	322,281	477,609	242,456
1962-----	905,044	—390,610	325,576	480,237	156,786
1963-----	886,387	—415,828	330,075	484,096	164,109
1964-----	870,581	—429,885	368,891	488,920	137,919
1965 <sup>2</sup> -----	916,494	—480,000	365,389	512,276	163,656
1966-----	968,372	—522,775	399,492	541,572	186,325
January-June 1966.	493,204	—251,390	180,958	264,188	109,598
January-June 1967.	467,271	—277,139	222,436	281,620	43,523

<sup>1</sup> Included in railway tax accruals.

<sup>2</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 14.—*Net railway operating income, net income, and rates of return, class I line-haul railroads, 1957-66*

Year ended Dec. 31—	Investment in property used in transporta- tion operations less deprecia- tion and am- ortization <sup>1</sup>	Net railway operating income	Ratio of net railway operat- ing income to investment in property used in transporta- tion operations less deprecia- tion and amortization	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>
1957.....	\$26,193,911	\$922,334	3.52	\$17,102,896	\$737,431	4.31
1958.....	26,190,059	762,296	2.91	17,142,266	601,737	3.51
1959.....	26,247,426	747,677	2.85	17,291,787	577,719	3.34
1960.....	26,396,665	584,016	2.21	17,312,733	444,640	2.57
1961.....	26,372,540	537,771	2.04	17,283,908	382,444	2.21
1962.....	26,185,903	725,679	2.77	17,559,195	571,017	3.25
1963.....	26,266,191	805,658	3.07	17,840,552	651,637	3.65
1964.....	25,394,471	818,213	3.22	17,622,350	698,184	3.96
1965 <sup>2</sup> .....	25,793,676	961,516	3.73	17,746,696	814,629	4.59
1966.....	26,699,511	1,045,863	3.92	18,194,059	903,783	4.97

<sup>1</sup> Includes allowance for working capital. Figures for 1964 and prior years include present value of land; figures for 1965 and subsequent years include original cost of land.

<sup>2</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 15.—*Current assets and current liabilities, class I line-haul railroads as of June 30, 1964-67*

	1964 Amount	1965 <sup>1</sup>		1966		1967	
		Amount	Percent of change from 1964	Amount	Percent of change from 1964	Amount	Percent of change from 1964
Total current assets....	(Millions) \$3,259	(Millions) \$3,154	-3.2	(Millions) \$3,212	-1.4	(Millions) \$2,959	-9.2
Cash and temporary cash investments.....	1,757	1,558	-11.3	1,499	-14.7	1,166	-33.6
Materials and supplies.....	467	486	+4.1	499	+6.9	546	+16.9
Total current liabilities.....	1,998	2,055	+2.9	2,142	+7.2	2,232	+11.7
Net working capital:							
Including materials and supplies.....	1,261	1,099	-12.8	1,070	-15.1	727	-42.3
Excluding materials and supplies.....	794	613	-22.8	571	-28.1	181	-77.2
RATIOS							
Current assets to current liabilities:							
Including materials and supplies.....	1.63	1.53	-----	1.50	-----	1.33	-----
Excluding materials and supplies.....	1.40	1.30	-----	1.27	-----	1.08	-----
Cash and temporary cash investments to current liabilities.....	.88	.76	-----	.70	-----	.52	-----

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.



TABLE 16.—Condensed income account—class I line-haul railroads, 1963-67

Item	Calendar year				12 months ended with June 30, 1966	12 months ended with June 30, 1967
	1963	1964	1965 <sup>4</sup>	1966		
Revenue and other income.....	<i>Millions</i> \$9,889	<i>Millions</i> \$10,225	<i>Millions</i> \$10,573	<i>Millions</i> \$11,054	<i>Millions</i> \$10,868	<i>Millions</i> \$11,013
Cost of materials, depreciation, and other expenses except wages and salaries.....	3,472	3,700	3,785	4,016	3,900	4,127
Taxes, including income, profits, and payroll.....	886	871	916	968	960	943
Total deductions.....	4,358	4,571	4,701	4,984	4,860	5,070
Remainder for employees and investors.....	5,531	5,654	5,872	6,070	6,008	5,943
Wages and salaries <sup>1</sup> .....	4,395	4,467	4,545	4,625	4,572	4,648
Investors' share:						
Rent for leased roads <sup>2</sup> ...	47	51	61	60	61	60
Interest on obligations.....	359	366	376	398	385	417
Other deductions <sup>3</sup> .....	78	72	75	83	79	82
For dividends and surplus.....	652	698	815	904	911	736
Total.....	1,136	1,187	1,327	1,445	1,436	1,295
Percent wages and salaries.....	79.5	79.0	77.4	76.2	76.1	78.2
Percent investors' share.....	20.5	21.0	22.6	23.8	23.9	21.8

<sup>1</sup> Chargeable to operating expenses and not including the following amounts of payroll taxes, in millions: 12 months ended June 30, 1967, \$464; year 1966, \$439; year 1965, \$395; year 1964, \$385; and year 1963, \$374.

<sup>2</sup> Represents largely intercompany payments among railroads in the form of interest and dividends.

<sup>3</sup> Miscellaneous deductions from income applicable to "other income" shown, contingent charges (capital and other funds), and amortization of discount on funded debt.

<sup>4</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 17.—Number and compensation of employees: Class I line-haul railroads, 1957-66

Year ended Dec. 31—	Average number of employees during year <sup>1</sup>	Total hours paid for	Compensation of railroad employees <sup>2</sup>			
			Total	Average per hour	Ratio to revenues	Ratio to expenses
		<i>Thousands</i>	<i>Thousands</i>		<i>Percent</i>	<i>Percent</i>
1957.....	984,974	2,314,973	\$5,358,049	\$2.315	51.07	65.12
1958.....	840,580	1,980,557	4,929,906	2.489	51.54	65.35
1959.....	815,509	1,924,500	4,986,251	2.591	50.75	64.72
1960.....	780,971	1,840,615	4,893,622	2.659	51.43	64.68
1961.....	715,985	1,698,704	4,623,981	2.722	50.32	63.57
1962.....	700,146	1,672,389	4,662,113	2.788	49.39	62.84
1963.....	679,867	1,640,868	4,629,784	2.822	48.43	62.13
1964.....	665,034	1,619,804	4,697,884	2.900	47.66	60.71
1965 <sup>3</sup> .....	639,961	1,564,736	4,793,066	3.063	46.95	61.06
1966.....	630,895	1,541,093	4,879,273	3.166	45.79	60.11

<sup>1</sup> This is the average of 12 counts made at middle of month and differs from the number of persons receiving pay during the month of year regardless of whether for a long or short period.

<sup>2</sup> In 1966, \$4,624,431,439 or 94.78 percent of the reported compensation was chargeable to operating expenses.

<sup>3</sup> Effective January 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 18.—Average number of employees, class I line-haul railroads (middle-of-the-month count), 1957-67

Years	Execu- tives, officials, and staff assistants	Profes- sional, clerical, and general	Mainte- nance of way and struc- tures	Mainte- nance of equip- ment and stores	Transpor- tation (other than train, engine, and yard)	Transpor- tation (yard- masters, switch hostlers)	Transpor- tation (train and engine service)	Total
1957.....	16,240	189,829	170,599	246,169	114,671	14,694	232,772	984,974
1958.....	15,463	173,104	134,122	196,597	102,177	12,897	206,220	840,580
1959.....	15,155	166,713	126,988	194,514	95,598	12,388	204,153	815,509
1960.....	15,050	161,540	118,597	184,105	89,950	12,092	199,637	780,971
1961.....	14,595	151,231	105,219	163,728	82,510	11,267	187,435	715,985
1962.....	14,454	145,903	102,274	161,080	77,743	10,713	187,979	700,146
1963.....	14,505	140,617	99,297	156,884	72,475	10,302	185,787	679,867
1964.....	14,715	138,483	98,615	154,652	68,513	10,081	179,975	665,034
1965 <sup>1</sup> .....	14,766	135,860	94,633	148,425	64,847	10,019	171,411	639,961
1966.....	15,185	133,992	94,098	145,628	61,315	9,970	170,707	630,895
June 1966.....	15,185	135,425	98,988	146,695	62,217	9,975	173,907	642,392
June 1967.....	15,509	133,630	95,895	140,221	58,057	9,892	170,949	624,153

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 19.—Freight transportation service performed by line-haul railroads, 1957-66

Year ended Dec. 31—	Revenue tons orig- inated	Revenue tons carried 1 mile	Loaded car miles	Average haul		Average amount received for each ton orig- inated	Revenue per ton- mile
				United States as a system	For the individu- al road		
	<i>Thousands</i>	<i>Millions</i>	<i>Millions</i>	<i>Miles</i>	<i>Miles</i>		<i>Cents</i>
1957.....	1,449,007	621,907	19,183	429.20	230.77	\$6.255	1.457
1958.....	1,247,407	554,534	17,273	444.55	239.30	6.568	1.477
1959.....	1,292,581	578,637	17,905	447.66	239.36	6.531	1.459
1960.....	1,301,303	575,360	17,379	442.14	238.83	6.264	1.417
1961.....	1,252,868	566,295	16,753	452.00	244.56	6.273	1.388
1962.....	1,293,572	595,774	17,086	460.57	248.22	6.273	1.362
1963.....	1,347,427	625,170	17,237	463.97	250.77	6.138	1.323
1964.....	1,420,260	662,089	17,596	466.17	251.94	6.037	1.295
1965 <sup>1</sup> .....	1,479,007	705,705	18,084	477.15	257.40	6.110	1.281
1966.....	1,543,735	746,699	18,509	483.70	261.93	6.146	1.271

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more, and that of a class II railroad was increased from less than \$3,000,000 to less than \$5,000,000.

TABLE 20.—Passenger transportation service performed by line-haul railroads, 1957-66

Year ended Dec. 31—	Passengers carried	Passenger- miles	Average journey per passenger <sup>1</sup>	Average receipts per passenger	Revenue per passenger- mile
	<i>Millions</i>	<i>Millions</i>	<i>Miles</i>		<i>Cents</i>
1957.....	413	25,914	62.80	\$1.785	2.842
1958.....	382	23,295	61.04	1.772	2.903
1959.....	354	22,075	62.42	1.845	2.955
1960.....	327	21,284	65.05	1.961	3.014
1961.....	318	20,308	63.79	1.966	3.082
1962.....	313	19,926	63.65	1.981	3.113
1963.....	311	18,519	59.55	1.896	3.183
1964.....	314	18,271	58.12	1.843	3.170
1965 <sup>2</sup> .....	306	17,454	57.07	1.818	3.185
1966.....	308	17,162	55.72	1.779	3.188

<sup>1</sup> This average is affected by the changing ratio of commutation traffic to the total traffic.

<sup>2</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more, and that of a class II railroad was increased from less than \$3,000,000 to less than \$5,000,000.

TABLE 21.—*Carload, trainload, and density of traffic: Class I line-haul railroads, 1957-66*

Year ended Dec. 31—	Ton-mile revenue and nonrevenue freight per loaded freight-car- mile	Revenue ton-miles per train-mile	Passenger- miles per car-mile	Passenger- miles per train-mile	Revenue ton-miles per mile of road	Passenger- miles per mile of road
1957.....	33.29	1,396	18	94	2,776,983	120,456
1958.....	32.89	1,388	19	94	2,486,153	109,152
1959.....	33.08	1,401	19	98	2,602,794	103,658
1960.....	33.86	1,426	19	102	2,592,653	100,761
1961.....	34.53	1,469	20	102	2,552,143	96,139
1962.....	35.62	1,519	20	103	2,707,807	96,111
1963.....	37.01	1,567	20	98	2,851,905	89,606
1964.....	38.34	1,588	22	99	3,027,744	89,047
1965 <sup>1</sup> .....	39.64	1,657	23	101	3,267,140	85,175
1966.....	40.97	1,687	24	104	3,467,151	85,665

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 22.—*Fuel consumed by motive-power units, and rails and ties laid: Class I line-haul railroads, 1957-66*

Year ended Dec. 31—	Coal (net tons)	Fuel oil (thou- sands of gallons)	Diesel oil (thou- sands of gallons)	Electric- ity (thou- sands of kilowatt- hours)	Rails ap- plied in replace- ment and better- ment (all tracks) (tons)	Ties laid in previously constructed tracks	
						Crossties (number)	Switch and bridge ties (feet) (b.m.)
1957.....	4,866,198	89,300	3,535,849	2,024,608	1,592,124	22,082,225	71,582,096
1958.....	1,150,102	67,172	3,381,838	1,805,676	920,780	16,029,558	54,985,488
1959.....	300,216	81,776	3,483,959	1,748,480	1,011,745	16,423,307	54,378,386
1960.....	39,307	89,270	3,471,781	1,641,243	914,733	14,318,721	49,902,467
1961.....	9,394	93,570	3,382,015	1,625,397	758,269	12,019,255	50,187,247
1962.....	8,256	100,871	3,462,725	1,686,923	822,931	13,428,392	48,717,261
1963.....	7,332	90,123	3,544,660	1,608,706	946,965	13,667,388	46,920,856
1964.....	6,831	85,389	3,630,332	1,514,731	1,008,549	14,738,013	49,332,904
1965 <sup>1</sup> .....	3,695	77,403	3,742,370	1,508,911	1,022,434	14,760,183	48,169,189
1966.....	3,235	65,191	3,925,431	1,497,657	1,108,224	15,324,391	46,752,572

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 23.—*Selected freight service operating statistics, class I line-haul railroads, 1957-67*

Year ended Dec. 31—	Average miles of road operated	Total revenue ton-miles	Tons of revenue freight carried	Reve- nue per ton- mile	Miles per revenue ton per road (average haul)	Net ton- miles per mile of road per day	Train- miles per train- hour (average)	Percent of freight cars unserv- iceable
		<i>Millions</i>	<i>Thousands</i>	<i>Cents</i>				
1957.....	221,213	618,194	2,552,195	1.44	242.2	7,886	18.8	4.7
1958.....	220,518	551,667	2,195,094	1.46	251.3	7,050	19.2	6.7
1959.....	219,746	575,529	2,284,611	1.44	251.9	7,384	19.5	7.5
1960.....	219,381	572,309	2,280,889	1.40	250.9	7,325	19.5	7.6
1961.....	219,428	563,361	2,192,193	1.37	257.0	7,233	19.9	8.2
1962.....	217,388	592,862	2,271,960	1.35	261.0	7,657	20.0	7.5
1963.....	216,639	621,659	2,371,137	1.31	262.2	8,054	20.1	6.9
1964.....	215,678	659,327	2,499,385	1.28	263.8	8,496	20.2	5.4
1965 <sup>1</sup> .....	212,133	697,736	2,539,304	1.27	274.8	9,161	20.1	5.1
1966.....	211,474	738,252	2,637,539	1.26	279.9	9,723	20.3	4.4
January-June 1966....	211,607	367,897	1,282,487	1.25	286.9	9,766	20.2	4.4
January-June 1967....	211,993	361,246	1,280,316	1.26	282.2	9,560	20.5	4.6

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.



TABLE 24.—*Selected passenger service operating statistics, class I line-haul railroads, 1957-67*

Year ended Dec. 31—	Average miles of road operated	Passengers carried	Total passenger-miles	Revenues per passenger per mile (includes commutation)	Revenues per passenger per mile (excludes commutation)	Passenger train-miles	Train-miles per train-hour	Percent passenger cars unserviceable
		<i>Thousands</i>	<i>Millions</i>	<i>Cents</i>	<i>Cents</i>	<i>Thousands</i>		
1957.....	112,560	411,172	25,885	2.84	2.95	274,789	40.2	5.5
1958.....	106,439	380,340	23,269	2.90	2.99	246,402	40.2	8.1
1959.....	99,989	352,326	22,047	2.95	3.00	225,045	40.3	9.6
1960.....	94,117	325,872	21,258	3.01	3.03	209,367	40.7	8.7
1961.....	89,515	317,024	20,283	3.08	3.08	198,443	40.9	9.6
1962.....	86,028	311,738	19,902	3.11	3.10	193,211	40.9	10.5
1963.....	84,928	309,603	18,497	3.18	3.18	189,360	40.9	11.4
1964.....	81,795	313,016	18,248	3.17	3.16	183,557	41.4	9.8
1965 <sup>1</sup> .....	76,993	298,877	17,389	3.18	3.14	172,344	41.3	7.9
1966.....	73,173	300,370	17,095	3.18	3.13	164,264	41.3	7.8
January-June 1966.....	73,928	148,916	7,808	3.24	3.21	81,667	41.2	8.4
January-June 1967.....	69,877	149,659	7,360	3.23	3.18	77,459	41.5	8.6

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 25.—*Revenues and expenses of electric railways, 1957-66*

Year ended Dec. 31—	Number of companies represented	Miles of road operated	Operating revenues			Operating expenses	Operating ratio
			Freight	Passenger	Total		
							<i>Percent</i>
1957.....	35	1,319	\$29,878,235	\$8,415,815	\$45,267,098	\$43,154,449	95.33
1958.....	34	773	17,081,785	7,963,012	29,932,221	28,588,182	95.51
1959.....	30	542	12,121,111	8,199,392	24,503,559	23,188,326	94.63
1960.....	23	469	10,354,240	8,436,525	22,834,297	21,848,931	95.68
1961.....	23	402	10,123,335	8,134,329	22,297,468	21,421,740	96.07
1962.....	18	394	9,888,752	7,952,761	21,756,436	20,917,797	96.15
1963.....	15	265	8,136,406	3,583,296	13,793,171	12,499,851	90.62
1964.....	15	265	7,942,610	3,395,968	13,412,944	11,964,264	89.20
1965.....	15	244	7,142,466	3,397,650	12,568,800	12,221,307	97.24
1966.....	13	230	7,918,199	3,540,415	13,834,166	12,153,363	87.85

TABLE 26.—*Taxes, net income, and employment of electric railways, 1957-66*

Year ended Dec. 31—	Taxes		Net income <sup>1</sup>	Employees	
	U.S. Government	Other than U.S. Government		Average number	Compensation
1957.....	\$1,923,510	\$1,583,160	\$688,616	5,542	\$23,381,168
1958.....	1,387,661	866,245	<i>820,358</i>	3,193	16,098,199
1959.....	1,672,730	771,676	<i>654,280</i>	2,673	13,362,069
1960.....	1,152,726	674,124	<i>545,387</i>	2,301	12,880,674
1961.....	1,167,359	637,796	<i>747,418</i>	2,258	12,926,146
1962.....	1,132,647	601,659	<i>692,224</i>	2,040	12,110,420
1963.....	625,556	398,978	289,709	1,107	7,205,313
1964.....	713,394	355,718	452,062	1,003	6,622,980
1965.....	606,995	352,581	<i>555,068</i>	971	6,615,082
1966.....	802,578	384,290	634,315	957	6,923,911

<sup>1</sup> Deficit shown in italics.

TABLE 27.—*Selected balance sheet items, electric railways, 1957-66*

Year ended Dec. 31—	Current assets	Net invest- ment in transporta- tion property <sup>1</sup>	All other assets <sup>2</sup>	Current liabilities	Long-term debt <sup>3</sup>	All other liabilities	Share- holders' equity
1957.....	\$13,661,799	\$139,140,440	\$15,627,162	\$17,005,745	\$104,490,429	\$4,436,399	\$11,242,504
1958.....	12,411,254	90,498,740	26,459,793	13,947,984	24,414,818	2,516,898	35,590,501
1959.....	9,001,969	70,709,667	22,189,126	11,261,693	10,151,165	1,266,680	34,842,972
1960.....	6,601,244	61,562,366	30,123,661	4,674,319	3,059,214	954,449	29,351,967
1961.....	5,232,875	52,712,610	18,680,814	4,153,129	3,528,709	619,930	30,963,403
1962.....	5,812,075	51,278,190	19,222,741	4,300,471	3,627,212	877,067	29,062,774
1963.....	4,170,745	26,837,729	64,705	2,499,389	1,927,691	393,229	26,123,460
1964.....	4,280,419	26,594,357	33,870	2,547,373	1,544,691	485,557	26,331,025
1965.....	3,920,748	25,718,026	1,155,027	2,553,165	1,566,544	413,314	23,950,724
1966.....	4,744,238	24,955,738	1,478,219	2,968,800	1,193,895	329,658	23,729,404

<sup>1</sup> Excludes acquisition adjustment and donations and grants.<sup>2</sup> Deficit shown in *italic*.<sup>3</sup> Includes long-term debt due within 1 year.TABLE 28.—*Operating income, net income, and rates of return, electric railways, 1957-66*

Year ended Dec. 31—	Net invest- ment in transporta- tion prop- erty plus working capital	Operating income <sup>1</sup>	Ratio of operating income to net invest- ment in transporta- tion property plus working capital	Shareholders' equity	Net income <sup>1</sup>	Ratio of net income to shareholders' equity
			Percent			Percent
1957.....	\$135,796,494	\$1,476,668	-----	\$11,242,504	\$688,616	6.13
1958.....	88,962,010	938,735	-----	35,590,501	820,358	-----
1959.....	68,449,943	1,080,892	-----	34,842,972	654,280	-----
1960.....	63,489,291	811,314	-----	29,351,967	545,387	-----
1961.....	53,792,356	933,827	-----	30,963,403	747,418	-----
1962.....	52,789,794	879,377	-----	29,062,774	692,224	-----
1963.....	28,509,085	263,786	.94	26,123,460	289,709	1.11
1964.....	28,327,403	379,568	1.34	26,331,025	452,062	1.72
1965.....	27,085,609	612,083	-----	23,950,724	555,063	-----
1966.....	26,731,176	493,935	1.85	23,729,404	634,315	2.67

<sup>1</sup> Deficit shown in *italic*.

TABLE 29.—*Revenues, expenses, net income, and employment of refrigerator car lines owned or controlled by railroads, 1960-66*

Year ended Dec. 31—	Number of com- panies repre- sented	Operating revenues	Operating expenses	Oper- ating ratio	Income taxes	Net income	Employees	
							Average number	Compensation
Percent								
1960-----	8	\$141,246,762	\$102,116,944	72.30	\$3,783,820	\$13,850,666	7,320	\$38,722,259
1961-----	8	138,021,938	102,325,996	74.14	4,682,361	8,878,573	6,608	39,169,375
1962-----	8	140,324,418	101,654,801	72.44	2,001,244	13,830,014	6,583	37,666,715
1963-----	7	142,293,303	104,940,685	73.75	696,677	13,877,213	6,545	38,276,464
1964-----	7	153,105,764	108,353,974	70.77	1,703,056	16,136,320	6,452	38,468,070
1965-----	7	155,058,757	112,096,519	72.29	1,598,525	13,385,093	6,103	41,610,360
1966-----	7	175,680,749	118,500,027	67.45	2,966,930	15,737,697	6,124	41,134,584

TABLE 30.—*Selected balance sheet items of refrigerator car lines owned or controlled by railroads, 1960-66*

Year ended Dec. 31—	Current assets	Net invest- ment in transporta- tion property	All other assets	Current liabilities <sup>1</sup>	Long-term debt due after 1 year	All other liabilities	Share- holders' equity
1960-----	\$65,447,106	\$310,332,629	\$10,372,620	\$48,341,043	\$138,657,345	\$5,860,227	\$193,293,740
1961-----	62,011,039	310,738,146	5,784,789	52,642,814	127,276,564	3,702,670	194,911,926
1962-----	59,757,272	320,875,655	6,979,444	51,357,287	131,943,192	3,192,995	201,118,897
1963-----	55,038,855	339,769,589	5,685,313	50,430,091	138,785,363	4,332,193	206,946,110
1964-----	61,148,593	347,024,122	3,646,473	53,783,522	138,625,945	3,754,391	215,655,330
1965-----	62,210,964	379,727,449	7,399,641	62,909,770	155,754,983	8,533,698	222,139,603
1966-----	72,457,428	384,223,524	7,653,345	66,428,565	158,505,195	6,195,721	238,204,816

<sup>1</sup> Includes long-term debt due within 1 year.



TABLE 31.—*Carline operating income before income taxes, net income, and rate of return of refrigerator car lines owned or operated by railroads, 1960-66*

Year ended Dec. 31—	Net investment in transportation property plus working capital	Carline operating income before income taxes	Ratio of carline operating income before income taxes to net investment in transportation property plus working capital	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
			<i>Percent</i>			<i>Percent</i>
1960.....	\$327,438,692	\$29,470,408	9.00	\$193,293,740	\$13,850,666	7.17
1961.....	320,106,371	26,165,454	8.17	194,911,926	8,878,573	4.56
1962.....	329,275,640	28,668,942	8.71	201,118,897	13,830,014	6.88
1963.....	344,378,353	25,741,581	7.47	206,946,110	13,877,213	6.71
1964.....	354,389,193	30,857,171	8.71	215,655,330	16,136,320	7.48
1965.....	379,028,643	24,922,780	6.58	222,139,603	13,385,093	6.03
1966.....	390,252,387	31,621,972	8.10	233,204,816	15,737,697	6.75

TABLE 32.—*Selected statistics of nonrailroad controlled private car owners,<sup>1</sup> 1960-66*

Year ended Dec. 31—	Cars owned at close of year					Revenue receivable	Miles made by owned cars
	Refrigerator	Petroleum	Other tank	Other <sup>2</sup>	Total		
						<i>Thousands</i>	<i>Thousands</i>
1960.....	20,429	78,055	80,924	75,888	255,296	\$284,706	3,226,706
1961.....	18,649	129,541	27,058	84,613	259,861	297,470	3,194,959
1962.....	17,453	128,368	27,783	87,076	260,680	301,000	3,350,361
1963.....	16,554	127,526	29,156	101,183	274,419	312,868	3,456,817
1964.....	15,211	125,876	30,562	114,462	286,111	356,252	3,550,739
1965.....	14,750	123,738	31,488	121,064	291,040	387,625	3,666,895
1966.....	14,940	80,592	* 76,844	137,378	309,754	434,180	4,229,578

<sup>1</sup> Confined to owners of 10 or more cars. Does not include railroad owned or controlled refrigerator car lines.<sup>2</sup> Includes stock, gondola, hopper, airdump, box, cradle, flat, vat, etc., cars.<sup>3</sup> One large carrier's fleet has been redesignated to "Other tank" because of its multipurpose use.

TABLE 33.—*Concentration in motor carrier of property industry, 1957-65*

Revenue group	1957	1958	1959	1960	1961	1962	1963	1964	1965 1:	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
	General commodity carriers																		
	Number of carriers									Revenues (millions of dollars)									
	6,602	6,236	5,952	6,290	6,312	6,123	5,902	5,763	5,566	\$3,666.8	\$3,690.2	\$4,257.2	\$4,293.5	\$4,433.1	\$4,776.1	\$5,073.1	\$5,581.8	\$6,144.2	
	Percentage distribution																		
Over \$10,000,000	0.97	1.11	1.40	1.29	1.47	1.68	1.83	2.03	2.46	32.84	34.71	39.48	39.78	43.43	47.54	50.58	54.16	58.49	
\$5,000,001 to \$10,000,000	1.35	1.31	1.76	1.62	1.57	1.67	1.64	1.63	1.85	17.09	15.72	16.77	16.67	15.42	14.93	13.75	12.26	11.44	
\$2,500,001 to \$5,000,000	2.50	2.66	2.44	2.62	2.58	2.66	2.90	2.89	3.00	15.84	15.82	14.07	13.62	12.79	11.74	11.90	10.65	9.43	
\$1,000,001 to \$2,500,000	4.82	5.24	6.44	6.26	6.34	4.95	4.86	5.87	5.95	13.75	13.98	12.18	12.33	11.79	9.89	9.11	9.53	8.33	
\$500,001 to \$1,000,000	5.98	6.29	6.65	6.01	5.89	6.19	6.40	6.70	7.47	7.50	7.51	6.70	6.40	5.88	5.63	5.20	4.77	4.72	
\$300,001 to \$500,000	5.47	5.31	5.88	5.72	5.31	6.14	6.05	6.25	6.61	3.79	3.49	3.22	3.28	2.92	3.07	2.74	2.53	2.31	
\$200,001 to \$300,000	6.32	5.55	6.13	6.07	6.54	6.45	7.37	8.07	7.74	2.33	2.28	2.03	2.14	2.24	2.01	2.07	2.03	1.72	
\$100,001 to \$200,000	13.43	13.44	14.67	14.41	14.42	14.99	15.03	15.16	14.93	3.45	3.27	2.95	3.03	2.90	2.79	2.53	2.26	1.96	
\$50,001 to \$100,000	13.43	13.68	13.77	13.75	13.85	13.85	13.79	13.27	13.75	1.76	1.70	1.35	1.46	1.42	1.29	1.16	1.00	.92	
\$25,001 to \$50,000	15.51	15.47	15.26	15.22	14.50	15.17	14.76	13.90	12.94	1.03	.96	.78	.83	.76	.73	.63	.53	.44	
Up to \$25,000	31.22	29.94	26.70	28.03	28.53	26.25	25.37	24.13	23.30	.62	.56	.42	.46	.45	.38	.33	.28	.24	
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	Household goods carriers																		
	Number of carriers									Revenues (millions of dollars)									
	1,581	1,644	1,515	1,636	2,187	2,236	2,207	2,215	2,202	\$369.2	\$382.2	\$434.8	\$462.1	\$492.2	\$538.5	\$575.6	\$586.6	\$673.4	
	Percentage distribution																		
Over \$10,000,000	0.32	0.36	0.40	0.43	0.32	0.31	0.36	0.32	0.41	39.12	41.78	41.48	43.52	40.61	40.59	41.57	40.92	44.84	
\$5,000,001 to \$10,000,000	.32	.36	.59	.55	.41	.40	.36	.36	.41	10.57	15.64	14.08	13.14	13.26	11.48	11.08	9.98	9.88	
\$2,500,001 to \$5,000,000	.57	.49	.46	.45	.27	.40	.45	.45	.41	9.02	7.95	6.12	6.81	4.52	5.99	6.22	6.76	4.78	
\$1,000,001 to \$2,500,000	1.07	1.16	1.32	1.16	1.01	.85	.77	.81	1.09	6.71	7.41	7.43	5.71	6.90	5.25	4.53	4.32	5.19	
\$500,001 to \$1,000,000	1.68	1.28	1.72	1.77	1.55	1.70	2.27	2.62	3.13	3.82	4.18	4.15	4.16	4.64	4.82	5.97	6.59	6.95	

	2.66	2.74	3.89	4.34	3.38	3.62	4.17	3.88	4.72	4.43	4.55	5.23	5.75	5.75	5.94	6.17	5.65	5.88
\$300,001 to \$500,000	2.66	2.74	3.89	4.34	3.38	3.62	4.17	3.88	4.72	4.43	4.55	5.23	5.75	5.75	5.94	6.17	5.65	5.88
\$500,001 to \$1,000,000	3.63	4.50	4.62	3.49	3.57	4.66	5.35	6.10	6.63	6.13	4.76	3.93	3.03	3.83	4.66	5.03	5.62	5.29
\$1,000,001 to \$200,000	13.91	13.44	13.93	16.33	16.27	15.62	16.81	18.01	19.57	8.77	8.24	7.00	8.13	9.48	9.14	9.41	9.71	9.35
\$50,001 to \$100,000	18.53	17.70	18.88	17.31	16.05	17.13	17.64	18.01	17.35	5.82	5.47	4.71	4.46	5.17	5.06	4.97	5.02	4.19
\$25,001 to \$50,000	23.34	23.05	22.38	22.33	23.46	23.17	22.38	22.08	20.71	3.82	3.64	2.88	2.93	3.88	3.57	3.20	3.05	2.52
Up to \$25,000	32.07	34.92	31.81	31.74	34.71	32.25	29.54	27.31	25.57	1.73	1.81	1.40	1.42	1.92	1.70	1.45	1.28	1.03
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Other special commodity carriers																		
Number of carriers									Revenues (millions of dollars)									
6,501	6,102	6,228	6,414	6,553	6,588	6,517	6,519	6,492	\$1,783.8	\$1,844.9	\$2,206.4	\$2,295.4	\$2,371.8	\$2,574.0	\$2,671.0	\$2,789.2	\$3,052.7	
0.15	0.21	0.32	0.34	0.26	0.29	0.40	0.43	0.56	6.94	10.88	14.69	17.36	15.64	17.10	18.99	16.94	20.23	
0.55	0.46	0.61	0.56	0.60	0.80	0.74	0.84	0.93	12.93	10.14	11.22	10.73	11.69	14.51	12.63	13.95	13.87	
1.35	1.38	1.45	1.47	1.44	1.33	1.57	1.58	1.83	15.52	15.71	14.64	14.72	13.95	11.45	13.26	12.66	13.22	
3.98	4.00	4.85	4.71	4.88	4.88	4.86	5.69	6.03	20.44	20.13	20.47	19.73	20.76	9.43	18.27	20.52	19.63	
\$500,001 to \$1,000,000	6.20	6.39	7.21	6.97	7.12	8.59	8.81	8.76	9.03	14.85	14.86	14.21	13.53	13.76	15.19	15.04	14.36	
\$300,001 to \$500,000	8.03	7.60	7.77	7.61	8.02	7.75	8.30	8.61	8.36	10.62	9.85	8.52	8.31	8.61	7.73	7.84	7.95	
\$200,001 to \$300,000	6.46	6.59	7.19	8.53	6.66	7.05	7.35	7.65	7.73	5.37	5.37	4.98	4.76	4.50	4.40	4.39	4.41	
\$100,001 to \$200,000	14.08	14.18	14.63	13.92	14.60	14.12	14.25	14.54	15.37	6.85	6.68	5.98	5.56	5.80	5.27	5.03	4.92	
\$50,001 to \$100,000	13.67	13.45	14.00	14.03	14.34	14.26	13.90	13.82	13.23	3.40	3.34	2.84	2.83	2.88	2.70	2.49	2.38	
\$25,001 to \$50,000	15.72	15.73	15.19	15.70	15.35	15.69	15.02	14.82	14.85	1.96	1.93	1.57	1.64	1.57	1.47	1.36	1.29	
Up to \$25,000	29.81	30.01	26.78	26.16	26.73	25.24	24.80	23.26	22.00	1.12	1.11	.88	.83	.84	.75	.70	.62	
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

<sup>1</sup> Does not include 1,092 class III carriers delinquent in reporting.

<sup>2</sup> Preliminary.



TABLE 34.—Operating revenues of class I intercity motor carriers of property, 1957-66

Year ended Dec. 31—	Number of carriers repre- sented	Operating revenues					Total
		Freight, inter- city, common	Freight, in- tercity, con- tract	Freight, local	Transporta- tion for other classes I and II mo- tor carriers	Other	
1957 <sup>1</sup> .....	837	\$3,564,135,633	\$176,463,724	\$41,390,632	\$25,921,273	\$27,712,720	\$3,835,623,982
1958 .....	866	3,581,070,381	167,611,233	37,994,649	31,043,416	33,585,450	3,851,305,129
1959 .....	890	4,261,388,069	202,372,796	44,233,742	45,855,624	36,461,897	4,590,312,128
1960 .....	935	4,384,108,648	238,583,060	50,657,948	47,797,294	42,141,074	4,763,288,024
1961 .....	972	4,583,203,216	183,338,169	52,436,172	46,641,618	42,827,530	4,908,446,705
1962 .....	1,004	5,071,596,939	210,255,010	62,420,482	40,371,191	43,711,696	5,428,355,318
1963 .....	1,004	5,388,416,804	212,452,389	67,692,483	42,691,909	45,137,687	5,756,391,272
1964 .....	1,025	5,835,182,322	200,585,024	72,293,856	43,530,199	47,873,296	6,199,464,697
1965 <sup>2 3</sup> .....	1,122	6,602,240,598	257,006,600	129,808,272	52,570,886	55,586,793	7,097,213,149
1966 <sup>3</sup> .....	1,155	7,315,695,561	263,411,410	155,559,013	64,067,213	78,738,483	7,882,471,680

<sup>1</sup> Effective Jan. 1, 1957, the revenue qualification of a class I carrier was increased from an average annual gross operating revenues of \$200,000 to \$1,000,000.

<sup>2</sup> Effective 1965 property carriers which derive 50 percent or more of their total operating revenues (excluding "Other Operating Revenues") from local service are classified as local carriers. Formerly, these carriers were classified on the basis of 25 percent or more.

<sup>3</sup> Preliminary.

TABLE 35.—Expenses, income, and employment of class I intercity motor carriers of property, 1957-66

Year ended Dec. 31—	Operating expenses	Operat- ing ratio	Income taxes <sup>1</sup>	Net income	Employees	
					Average number	Compensa- tion
Percent						
1957 <sup>2</sup> -----	\$3,702,311,610	96.52	\$48,877,288	\$62,417,991	296,032	\$1,665,588,360
1958-----	3,723,222,303	96.67	48,661,518	54,342,866	286,175	1,687,843,696
1959-----	4,391,553,404	95.67	75,619,226	91,937,429	317,606	1,999,922,882
1960-----	4,644,706,880	97.51	43,923,546	37,110,339	326,626	2,103,053,578
1961-----	4,717,566,285	96.11	72,010,216	83,767,584	323,508	2,137,999,162
1962-----	5,204,289,346	95.87	72,142,178	111,884,504	343,215	2,378,857,960
1963-----	5,520,248,782	95.90	74,547,281	121,724,524	351,104	2,545,847,548
1964-----	5,917,875,924	95.46	88,157,582	151,572,124	364,930	2,754,093,286
1965 <sup>3 4</sup> -----	6,675,224,999	94.05	121,183,429	211,780,564	597,540	3,209,680,421
1966 <sup>4</sup> -----	7,446,851,855	94.47	119,345,301	216,959,528	486,862	3,368,898,613

<sup>1</sup> Does not include income taxes of sole proprietorships, partnerships, and corporations that have elected to be taxed under sec. 1372(a) of the Internal Revenue Code.

<sup>2</sup> Effective Jan. 1, 1957, the revenue qualifications of a class I carrier was increased from average annual gross operating revenues of \$200,000 to \$1,000,000.

<sup>3</sup> Effective 1965 property carriers which derive over 50 percent of their total operating revenues (excluding "Other operating revenues") from local service are classified as local carriers. Formerly these carriers were classified on the basis of 25 percent or more.

<sup>4</sup> Preliminary.

TABLE 36.—*Selected balance sheet items, class I intercity motor carriers of property, 1957-66*

Year ended Dec. 31—	Current assets	Net invest- ment in trans- portation property	All other assets	Current liabilities <sup>1</sup>	Long-term debt	All other liabilities	Share- holders' and proprie- tors' equity
1957 <sup>2</sup> .....	\$559, 116, 858	\$783, 089, 330	\$147, 355, 479	\$379, 791, 049	\$477, 541, 258	\$34, 910, 562	\$597, 318, 798
1958.....	604, 463, 555	794, 582, 694	174, 082, 965	561, 061, 512	338, 557, 662	31, 565, 255	642, 044, 785
1959.....	694, 482, 371	920, 615, 661	200, 442, 903	643, 699, 535	405, 678, 141	33, 601, 672	732, 561, 587
1960.....	686, 264, 544	994, 213, 875	237, 658, 376	664, 042, 798	467, 341, 489	34, 663, 554	752, 088, 754
1961.....	779, 275, 106	996, 404, 936	262, 355, 710	715, 143, 182	465, 369, 866	36, 224, 842	821, 297, 862
1962.....	826, 309, 390	1,089,634,162	306, 228, 960	760, 171, 960	509, 407, 622	47, 261, 622	905, 331, 308
1963.....	883, 082, 595	1,181,291,337	346, 356, 307	798, 199, 730	564, 252, 018	39, 037, 285	1, 009, 241, 206
1964.....	972, 086, 230	1,275,197,668	374, 974, 634	861, 748, 509	612, 696, 893	35, 955, 830	1, 111, 857, 300
1965 <sup>3</sup> .....	1,124,261,238	1,499,832,688	463, 635, 119	989, 120, 265	731, 538, 022	41, 843, 495	1, 325, 227, 263
1966 <sup>4</sup> .....	1,213,001,194	1,703,433,579	455, 385, 441	1,074, 553, 926	872, 212, 593	45, 286, 139	1, 379, 767, 556

<sup>1</sup> Includes long-term debt due within 1 year in 1958-66. This item included in long-term debt in prior years.

<sup>2</sup> Effective Jan. 1, 1957, the revenue qualification of a class I carrier was increased from average annual gross operating revenues of \$200,000 to \$1,000,000.

<sup>3</sup> Effective 1965 property carriers which derive over 50 percent of their total operating revenues (excluding "Other operating revenues") from local service are classified as local carriers. Formerly these carriers were classified on the basis of 25 percent or more.

<sup>4</sup> Preliminary.

TABLE 37.—*Net carrier operating income, net income, and rate of return, class I intercity motor carriers of property, 1957-66*

Year ended Dec. 31—	Net invest- ment in trans- portation property plus working capital	Net carrier operating income	Ratio of net carrier oper- ating income to net investment in trans- portation property plus working capital	Share- holders' and proprietors' equity	Net income	Ratio of net in- come to share holders' and prop- rietors' equity
			Percent			Percent
1957 <sup>1</sup> .....	\$962, 415, 139	\$132, 584, 761	13. 78	\$597, 318, 798	\$62, 417, 991	10. 45
1958.....	837, 984, 737	127, 353, 202	15. 20	642, 044, 785	54, 342, 866	8. 46
1959.....	971, 398, 497	196, 970, 803	20. 28	732, 561, 587	91, 937, 429	12. 55
1960.....	1, 016, 435, 421	117, 231, 299	11. 53	752, 088, 754	37, 110, 339	4. 93
1961.....	1, 060, 536, 860	189, 079, 248	17. 83	821, 297, 862	83, 767, 584	10. 20
1962.....	1, 155, 771, 592	222, 186, 641	19. 22	905, 331, 308	111, 884, 504	12. 36
1963.....	1, 266, 174, 202	234, 563, 508	18. 53	1, 009, 241, 206	121, 724, 524	12. 06
1964.....	1, 385, 535, 389	280, 203, 751	20. 22	1, 111, 857, 300	151, 572, 124	13. 63
1965 <sup>2</sup> .....	1, 634, 973, 661	335, 551, 650	20. 52	1, 325, 227, 263	211, 780, 564	15. 98
1966 <sup>3</sup> .....	1, 841, 880, 847	358, 576, 963	19. 47	1, 379, 767, 556	216, 959, 528	15. 72

<sup>1</sup> Effective Jan. 1, 1957, the revenue qualification of a class I carrier was increased from average annual gross operating revenue of \$200,000 to \$1,000,000.

<sup>2</sup> Effective 1965 property carriers which derive over 50 percent of their total operating revenues (excluding "Other operating revenues") from local service are classified as local carriers. Formerly these carriers were classified on the basis of 25 percent or more.

<sup>3</sup> Preliminary.

TABLE 38.—*Revenues, expenses, net income, and employment of class I local motor carriers of property, 1957-66*

Year ended Dec. 31—	Number of carriers repre- sented	Operating revenues	Operating expenses	Oper- ating ratio	Income taxes <sup>1</sup>	Net income	Employees	
							Average number	Compen- sation
Percent								
1957 <sup>2</sup> ----	75	\$210,595,762	\$204,575,363	97.14	\$3,047,345	\$5,366,446	22,337	\$126,557,802
1958-----	89	250,226,268	244,676,454	97.78	3,353,282	4,904,403	25,697	148,289,473
1959-----	88	274,727,871	267,800,428	97.48	4,327,149	5,182,206	26,319	163,498,242
1960-----	94	310,673,381	303,830,516	97.80	3,843,155	5,525,153	29,487	190,228,888
1961-----	102	388,318,067	376,811,267	97.04	6,343,688	7,540,202	35,393	233,103,901
1962-----	104	412,866,496	400,316,892	96.96	5,820,331	8,809,831	36,176	245,922,155
1963-----	108	458,418,006	443,822,720	96.82	3,525,928	13,958,152	38,711	275,128,337
1964-----	115	542,785,145	520,505,420	95.90	6,640,807	17,993,872	44,102	323,804,063
1965 <sup>3 4</sup> ----	85	488,703,339	466,707,346	95.50	6,320,447	14,258,104	38,161	290,553,421
1966 <sup>4</sup> -----	91	567,827,752	544,559,082	95.90	6,762,927	21,202,058	33,992	333,003,327

<sup>1</sup> Does not include income taxes of sole proprietorships, partnerships, and corporations that have elected to be taxed under sec 1372(a) of the Internal Revenue Code.

<sup>2</sup> Effective Jan. 1, 1957, the revenue qualification of a class I carrier was increased from average annual gross operating revenues of \$200,000 to \$1,000,000.

<sup>3</sup> Effective 1965 property carriers which derive over 50 percent of their total operating revenues (excluding "Other operating revenues") from local service are classified as local carriers. Formerly these carriers were classified on the basis of 25 percent or more.

<sup>4</sup> Preliminary.

TABLE 39.—*Selected balance sheet items, class I local motor carriers of property, 1957-66*

Year ended Dec. 31—	Current assets	Net invest- ment in transporta- tion property	All other assets	Current liabilities <sup>1</sup>	Long-term debt	All other liabilities	Share- holders' and prop- rietors' equity
1957 <sup>2</sup> -----	\$41,204,959	\$39,209,469	\$22,005,467	\$23,866,564	\$16,861,307	\$2,866,471	\$58,825,553
1958-----	51,599,783	50,257,237	22,345,785	32,521,371	14,173,513	3,635,529	73,872,392
1959-----	53,002,570	56,042,076	24,440,932	37,642,841	16,365,350	3,884,690	75,592,697
1960-----	65,593,976	77,428,076	27,952,416	44,550,780	31,687,212	5,309,398	89,427,078
1961-----	79,064,233	87,244,150	34,016,600	53,404,004	43,603,261	5,583,979	97,733,739
1962-----	79,407,856	99,173,890	38,795,159	57,461,687	50,708,406	6,475,915	102,730,897
1963-----	84,209,327	111,666,135	41,038,420	65,832,675	57,392,875	3,034,279	110,654,053
1964-----	97,530,988	132,620,376	44,584,714	74,138,773	66,397,719	3,435,444	130,764,142
1965 <sup>3</sup> 4-----	89,787,542	113,055,739	31,048,982	63,942,529	68,635,267	2,843,373	98,471,094
1966 <sup>4</sup> -----	98,311,491	145,014,887	40,712,409	79,645,726	76,730,290	3,593,732	124,069,039

<sup>1</sup> Includes long-term debt due within 1 year in 1958-66. This item included in long-term debt in prior years.

<sup>2</sup> Effective Jan. 1, 1957, the revenue qualification of a class I carrier was increased from average annual gross operating revenues of \$200,000 to \$1,000,000.

<sup>3</sup> Effective 1965 property carriers which derive over 50 percent of their total operating revenues (excluding "Other operating revenues") from local service are classified as local carriers. Formerly these carriers were classified on the basis of 25 percent or more.

<sup>4</sup> Preliminary.



TABLE 40.—*Net carrier operating income, net income, and rate of return, class I local motor carriers of property, 1957-66*

Year ended Dec. 31—	Net invest- ment in transporta- tion property plus working capital	Net carrier operating income	Ratio of net carrier operating income to net invest- ment in transporta- tion property plus working capital	Share- holders' and proprietors' equity	Net income	Ratio of net in- come to share- holders' and prop- rietors' equity
			<i>Percent</i>			<i>Percent</i>
1957 <sup>1</sup> .....	\$56,547,864	\$6,018,273	10.64	\$58,825,553	\$5,366,446	9.12
1958 .....	69,335,649	5,556,514	8.01	73,872,392	4,904,403	6.64
1959 .....	71,401,805	6,927,443	9.70	75,592,697	5,182,206	6.86
1960 .....	98,471,272	6,842,865	6.95	89,427,078	5,525,153	6.13
1961 .....	112,904,379	11,702,051	10.36	97,733,739	7,540,202	7.72
1962 .....	121,120,059	12,568,082	10.33	102,730,897	8,809,831	8.58
1963 .....	130,042,870	14,595,286	11.22	110,654,053	13,958,152	12.61
1964 .....	156,012,591	22,269,603	14.27	130,764,142	17,993,872	13.76
1965 <sup>2</sup> <sup>3</sup> .....	138,900,752	18,785,742	13.52	98,471,094	14,258,104	14.48
1966 <sup>3</sup> .....	163,680,652	20,530,887	12.54	124,069,039	21,202,058	17.09

<sup>1</sup> Effective Jan. 1, 1957, the revenue qualification of a class I carrier was increased from average annual gross operating revenues of \$200,000 to \$1,000,000.

<sup>2</sup> Effective 1965 property carriers which derive over 50 percent of their total operating revenues (excluding "Other operating revenues") from local service are classified as local carriers. Formerly these carriers were classified on the basis of 25 percent or more.

<sup>3</sup> Preliminary.

TABLE 41.—*Operating revenues of class I intercity motor carriers of passengers, 1957-67*

Year ended Dec. 31—	Number of car- riers rep- resented	Operating revenues				
		Passenger intercity schedules	Local and suburban schedules	Charter or special service	Other operating	Total
1957 .....	144	\$324,746,504	\$20,504,968	\$29,551,417	\$31,825,953	\$406,628,842
1958 .....	136	328,040,128	17,019,995	30,088,440	34,584,511	409,733,074
1959 .....	143	343,942,913	21,442,739	32,587,191	41,154,227	439,127,070
1960 .....	143	354,794,895	26,868,306	36,015,530	45,436,433	463,115,164
1961 .....	144	370,410,897	25,767,711	38,377,147	49,973,623	484,529,378
1962 .....	151	406,024,181	79,412,927	46,868,828	56,251,477	588,557,413
1963 .....	148	418,971,046	78,538,461	51,202,947	61,043,426	609,755,880
1964 .....	161	442,010,929	79,269,145	64,006,553	69,802,540	655,089,167
1965 <sup>1</sup> <sup>2</sup> .....	155	453,293,682	37,919,029	67,234,156	76,595,945	635,042,812
1966 <sup>2</sup> .....	166	476,972,314	14,142,289	72,588,471	82,239,192	645,942,266
January-June 1966 .....	162	.....	.....	.....	.....	276,441,538
January-June 1967 .....	162	.....	.....	.....	.....	300,558,497

<sup>1</sup> Effective 1965, carriers reporting both intercity schedules and local and suburban schedules are classified as carrier carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenues received from intercity and local or suburban traffic. Formerly, carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>2</sup> Preliminary.

TABLE 42.—*Expenses, income, and employment of class I intercity motor carriers of passengers, 1957-67*

Year ended Dec. 31—	Operating expenses	Operating ratio	Income taxes <sup>1</sup>	Net income (adjusted) <sup>2</sup>	Employees	
					Average number	Compensation
		Percent				
1957.....	\$370,508,925	91.12	\$16,347,686	\$9,758,374	36,163	\$177,923,357
1958.....	366,087,187	89.35	20,873,378	7,023,610	33,965	175,973,247
1959.....	380,254,158	86.59	28,292,178	7,587,140	33,454	183,759,036
1960.....	405,392,669	87.54	26,583,765	8,895,117	34,514	196,152,376
1961.....	422,579,715	87.21	27,431,817	10,052,396	34,875	208,686,225
1962.....	511,103,086	86.84	31,497,535	14,158,299	41,961	260,333,360
1963.....	529,007,640	86.76	34,174,804	17,658,795	42,070	270,095,800
1964.....	570,143,551	87.03	32,644,299	18,886,969	43,455	287,630,514
1965 <sup>3</sup> 4.....	538,096,641	84.73	37,755,084	23,121,041	38,394	264,967,513
1966 <sup>4</sup> .....	543,415,694	84.13	37,682,164	21,606,341	40,844	269,282,741
January-June 1966.....	250,926,925	90.77	-----	7,523,718	-----	-----
January-June 1967.....	278,618,625	92.70	-----	3,820,895	-----	-----

<sup>1</sup> Does not include income taxes applicable to sole proprietorships, partnerships, and corporations that have elected to be taxed under sec. 1372(a) of the Internal Revenue Code.

<sup>2</sup> Does not include net income of Greyhound Lines, Inc. Divisions where shareholders' and proprietors' equities were not determinable.

<sup>3</sup> Effective 1965, carriers reporting both intercity schedules and local and suburban schedules are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenues received from intercity and local or suburban traffic. Formerly carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>4</sup> Preliminary.

TABLE 43.—*Net carrier operating income, net income, and rate of return, class I intercity motor carriers of passengers, 1957-66*

Year ended Dec. 31—	Net investment in transportation property plus working capital	Net carrier operating income	Ratio of net carrier operating income to net investment in transportation property plus working capital	Shareholders' and proprietors' equity <sup>1</sup>	Net income <sup>2</sup>	Ratio of net income to shareholders' and proprietors' equity
			Percent			Percent
1957.....	\$216,181,239	\$36,099,148	16.70	\$97,369,415	\$9,758,374	10.02
1958.....	210,485,728	43,563,261	20.70	99,592,006	7,023,610	7.05
1959.....	202,927,933	58,764,788	28.96	76,389,716	7,587,140	9.93
1960.....	209,168,440	57,595,903	27.54	81,086,776	8,895,117	10.97
1961.....	223,430,149	61,737,229	27.63	89,311,971	10,052,396	11.26
1962.....	280,088,333	77,278,578	27.59	129,322,752	14,158,299	10.95
1963.....	290,344,095	80,704,752	27.80	143,334,905	17,658,795	12.32
1964.....	315,884,642	84,927,584	26.89	156,458,031	18,886,969	12.07
1965 <sup>3</sup> 4.....	300,583,763	89,607,948	29.80	130,917,168	23,121,041	17.66
1966 <sup>4</sup> .....	298,370,495	89,969,029	30.15	119,095,703	21,606,341	18.14

<sup>1</sup> Does not include shareholders' and proprietors' equities of Greyhound Lines, Inc. Divisions where not determinable.

<sup>2</sup> Does not include net income of Greyhound Lines, Inc. Divisions where shareholders' and proprietors' equities were not determinable.

<sup>3</sup> Effective 1965, carriers reporting both intercity schedules and local and suburban schedules are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenue received from intercity and local or suburban traffic. Formerly, carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>4</sup> Preliminary.

TABLE 44.—*Selected balance sheet items, class I intercity motor carriers of passengers, 1957-66*

Year ended Dec. 31—	Current assets	Net investment in transportation property	All other assets	Current liabilities <sup>1</sup>	Long-term debt	All other liabilities	Shareholders' and proprietors' equity <sup>2</sup>
1957-----	\$77,074,460	\$194,797,273	\$54,833,470	\$55,690,494	\$162,116,235	\$10,792,577	\$97,369,415
1958-----	78,047,955	207,275,612	49,915,651	74,837,839	152,206,113	7,854,892	99,592,006
1959-----	68,342,313	198,391,472	47,451,715	63,805,852	165,796,419	7,424,553	76,389,716
1960-----	69,903,593	208,705,363	48,282,979	69,440,516	164,690,840	11,619,728	81,086,776
1961-----	79,329,724	219,240,590	47,513,239	75,140,165	170,762,401	10,788,961	89,311,971
1962-----	86,389,542	277,698,578	50,135,306	83,999,787	185,226,035	15,638,216	129,322,752
1963-----	91,264,160	284,776,544	62,404,937	85,696,609	193,771,420	15,622,959	143,334,905
1964-----	96,857,015	313,844,853	69,723,484	94,817,226	212,319,279	16,809,139	156,458,031
1965 <sup>3</sup>	98,528,131	302,249,571	65,676,339	100,193,939	228,397,693	6,945,241	130,917,168
1966 <sup>4</sup> ----	95,524,205	294,502,648	68,384,575	91,656,358	224,359,478	23,299,889	119,095,703

<sup>1</sup> Includes long-term debt due within 1 year in 1958-66. This item included in long-term debt in prior years.

<sup>2</sup> Does not include shareholders' and proprietors' equities of Greyhound Lines, Inc. Divisions where not determinable.

<sup>3</sup> Effective 1965, carriers reporting both intercity schedules and local and suburban schedules are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenues received from intercity and local or suburban traffic. Formerly, carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>4</sup> Preliminary.

TABLE 45.—*Revenues, expenses, net income, and employment of class I local motor carriers of passengers, 1957-67*

Year ended Dec. 31—	Number of carriers represented	Operating revenues	Operating expenses	Operating ratio	Income taxes <sup>1</sup>	Net income	Employees	
							Average number	Compensation
				Percent				
1957-----	56	\$111,492,262	\$108,008,465	96.88	\$1,204,548	\$2,412,586	13,672	\$64,076,258
1958-----	54	110,459,451	109,099,223	98.77	1,001,454	432,394	13,465	64,898,058
1959-----	48	109,178,992	105,390,024	96.53	728,143	3,396,226	12,587	62,298,759
1960-----	55	116,358,077	111,972,297	96.23	2,125,899	2,735,455	12,451	66,494,726
1961-----	58	120,466,755	116,979,553	97.11	1,262,986	2,547,255	12,637	68,822,493
1962-----	58	63,356,514	61,208,726	96.61	1,245,449	1,939,860	6,143	33,068,964
1963-----	59	64,561,821	62,276,840	96.46	1,393,234	1,986,392	6,117	33,436,966
1964-----	62	71,990,544	68,032,709	94.50	1,865,422	3,474,069	6,080	34,691,197
1965 <sup>2</sup>	74	183,607,281	175,872,539	95.79	2,173,445	6,109,565	15,990	101,164,078
1966 <sup>3</sup> ----	75	167,951,484	162,201,969	96.58	3,042,053	5,334,774	14,487	92,713,197
January-June 1966-----	93	84,435,775	82,853,738	98.13	-----	1,130,096	-----	-----
January-June 1967-----	93	89,913,177	87,784,693	97.63	-----	1,775,665	-----	-----

<sup>1</sup> Does not include income taxes applicable to sole proprietorships, partnerships, and corporations that have elected to be taxed under section 1372(a) of the Internal Revenue Code.

<sup>2</sup> Effective 1965 carriers reporting both intercity schedules and local and suburban schedules are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenues received from intercity and local or suburban traffic. Formerly, carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>3</sup> Preliminary.



TABLE 46.—*Selected balance sheet items, class I local motor carriers of passengers, 1957-66*

Year ended Dec. 31—	Current assets	Net invest- ment in transporta- tion property	All other assets	Current liabilities <sup>1</sup>	Long-term debt	All other liabilities	Share- holders' and prop- rietors' equity
1957-----	\$18,335,251	\$46,609,640	\$17,747,718	\$10,299,810	\$12,045,612	\$7,360,979	\$52,986,208
1958-----	18,482,452	49,818,663	16,948,691	13,494,522	10,396,941	6,967,631	54,390,712
1959-----	22,709,932	45,380,264	15,304,242	13,663,072	8,852,668	6,796,200	54,082,498
1960-----	17,892,330	51,841,223	15,777,837	14,218,411	9,492,037	5,497,097	56,303,845
1961-----	17,006,278	55,804,947	14,453,806	14,567,901	10,074,862	6,211,609	56,410,659
1962-----	9,464,111	24,099,548	11,168,896	11,217,506	9,420,909	1,911,838	22,182,302
1963-----	9,977,900	22,864,576	11,292,871	10,891,681	8,711,194	2,320,583	22,211,889
1964-----	11,073,358	27,317,282	11,393,756	12,395,216	10,927,561	2,353,105	24,108,514
1965 <sup>2</sup> -----	27,511,287	97,220,005	21,717,193	21,577,844	47,811,133	8,086,944	68,972,564
1966 <sup>3</sup> -----	26,888,023	77,246,547	19,485,660	19,699,457	25,621,950	8,501,635	69,797,188

<sup>1</sup> Includes long-term debt due within 1 year in 1958-66. This item included in long-term debt in prior years.

<sup>2</sup> Effective 1965, carriers reporting both intercity schedules and local and suburban schedules are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenues received from intercity and local or suburban traffic. Formerly, carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>3</sup> Preliminary.

TABLE 47.—*Net carrier operating income, net income, and rate of return, class I local motor carriers of passengers, 1957-66*

Year ended Dec. 31—	Net invest- ment in transportation property plus working capital	Net carrier operating income	Ratio of net carrier oper- ating income to net invest- ment in transportation property plus working capital	Share- holders' and proprietors' equity	Net income	Ratio of net income to shareholders' and proprie- tors' equity
			Percent			Percent
1957-----	\$54,645,081	\$3,481,630	6.37	\$52,986,208	\$2,412,586	4.55
1958-----	54,806,593	1,358,825	2.48	54,390,712	432,394	.79
1959-----	54,427,124	3,775,454	6.94	54,082,498	3,396,226	6.28
1960-----	55,515,142	4,280,357	7.71	56,303,845	2,735,455	4.86
1961-----	58,243,324	3,467,982	5.95	56,410,659	2,547,255	4.52
1962-----	22,346,153	2,156,790	9.65	22,182,302	1,939,860	8.75
1963-----	21,950,795	2,222,384	10.12	22,211,889	1,986,392	8.94
1964-----	25,995,424	3,847,587	14.80	24,108,514	3,474,069	14.41
1965 <sup>1</sup> <sup>2</sup> -----	103,153,448	7,383,972	7.16	68,972,564	6,109,565	8.86
1966 <sup>2</sup> -----	84,435,113	5,747,400	6.81	69,797,188	5,334,774	7.64

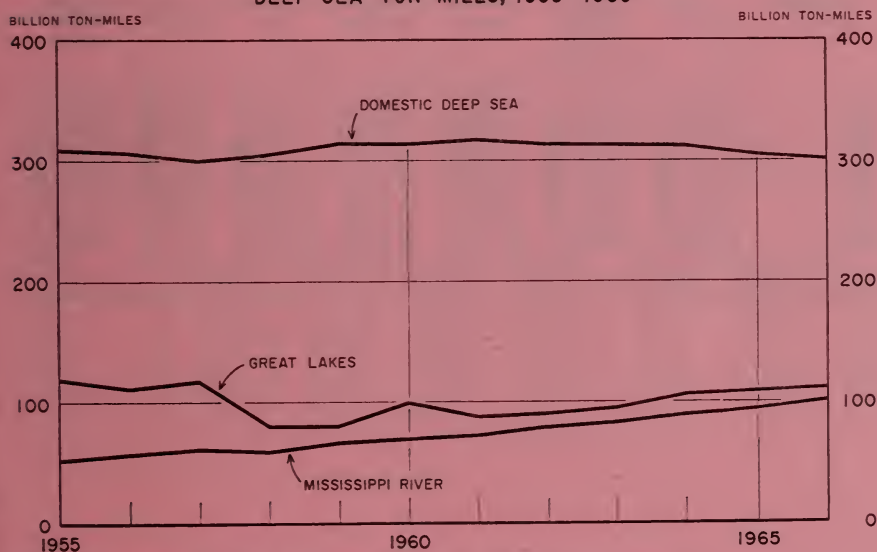
<sup>1</sup> Effective 1965, carriers reporting both intercity schedules and local and suburban schedules are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenues received from intercity and local or suburban traffic. Formerly, carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>2</sup> Preliminary.

TABLE 48.—Revenues of classes A and B carriers by inland and coastal waterways, 1957-67

Year ended Dec. 31—	Number of companies repre- sented	Line-service operating revenues			Other operating revenue	Revenue from terminal operations	Total waterline operating revenues
		Freight	Passenger	Total			
1957 .....	118	\$203,559,142	\$9,943,322	\$222,253,525	\$2,075,599	\$18,843,749	\$254,019,985
1958 .....	107	184,832,196	8,672,126	205,449,175	1,960,643	17,282,964	233,445,592
1959 .....	108	191,652,002	8,456,973	212,858,861	2,282,190	17,997,014	246,514,300
1960 .....	105	195,225,405	8,277,704	219,378,402	2,586,707	19,624,116	255,416,319
1961 .....	99	184,375,902	7,970,797	208,105,642	3,135,328	20,167,666	246,196,307
1962 .....	95	185,205,743	9,170,957	212,660,189	3,115,221	20,834,015	252,455,942
1963 .....	93	193,682,005	7,372,856	216,502,107	2,867,611	20,755,364	258,054,537
1964 .....	89	185,618,591	7,738,197	211,205,882	3,035,749	21,469,871	257,857,482
1965 .....	90	204,983,560	8,111,393	233,320,885	3,026,607	21,373,849	282,638,150
1966 .....	89	221,611,015	9,424,117	239,900,628	3,372,022	25,287,916	298,089,627
January-June 1966 .....	89	129,339,260	2,117,099	-----	-----	-----	-----
January-June 1967 .....	89	122,157,782	2,550,000	-----	-----	-----	-----

### GREAT LAKES, MISSISSIPPI RIVER, AND DOMESTIC DEEP SEA TON-MILES, 1955-1966<sup>1/</sup>



Source: U.S. Army Engineers, Maritime Administration, and Interstate Commerce Commission.

<sup>1/</sup> 1966 based on preliminary data.

TABLE 49.—*Expenses and income of classes A and B carriers by inland and coastal waterways, 1957-66*

Year ended Dec. 31—	Operating expenses	Operating ratio	Net revenue from waterline operations	Income taxes	Net income	Employees	
						Average number	Compensation
		<i>Percent</i>					
1957	\$225,084,113	88.61	\$28,935,872	\$10,827,508	\$16,222,252	15,485	\$78,164,009
1958	212,418,242	90.99	21,027,350	7,961,762	11,966,600	14,368	72,580,235
1959	226,898,441	92.04	19,615,859	7,892,756	10,755,324	13,958	72,995,080
1960	234,304,390	91.73	21,111,929	9,550,154	11,968,394	14,338	77,771,929
1961	222,601,254	90.42	23,595,053	11,587,229	12,846,285	12,860	72,909,044
1962	226,402,507	89.68	26,053,435	9,748,329	15,688,197	12,163	71,634,975
1963	225,780,055	87.49	32,274,482	11,422,759	20,180,561	11,265	71,491,836
1964	222,842,636	86.42	35,014,846	12,941,993	30,029,716	10,222	67,799,956
1965	240,230,257	85.00	42,407,893	13,579,989	27,939,783	10,291	71,698,763
1966	254,433,215	85.35	43,656,412	12,223,556	31,529,861	10,397	78,858,214

TABLE 50.—*Selected balance sheet items, classes A and B carriers by inland and coastal waterways, 1957-66*

Year ended Dec. 31—	Current assets	Net investment in transportation property	All other assets	Current liabilities <sup>1</sup>	Long-term debt	All other liabilities	Share- holders' equity
1957	\$84,405,472	\$173,517,419	\$49,092,538	\$47,589,541	\$67,093,130	\$5,531,601	\$186,801,067
1958	84,706,180	175,998,579	50,663,198	47,641,791	65,144,155	5,929,486	192,652,525
1959	90,507,405	186,289,975	55,310,916	47,855,308	75,915,392	8,482,941	199,854,655
1960	96,119,655	203,918,068	53,451,529	52,959,936	83,615,383	8,093,010	208,820,923
1961	102,061,163	195,013,199	56,107,647	53,316,056	83,929,704	6,728,415	209,207,834
1962	88,615,503	201,916,158	53,182,963	45,559,129	85,704,380	7,290,333	205,160,782
1963	99,158,022	204,517,145	53,568,557	58,297,805	79,895,757	5,868,768	213,181,394
1964	100,767,655	217,991,688	57,856,109	57,131,504	88,692,275	6,762,503	224,029,170
1965	111,416,702	241,261,309	79,272,113	74,316,992	115,592,340	7,642,059	234,398,733
1966	105,786,127	264,603,587	107,777,435	79,087,650	137,497,726	8,312,026	253,269,747

<sup>1</sup> Includes long-term debt due within 1 year. Prior to 1963, this item was included in long-term debt.



TABLE 51.—*Net revenue from waterline operations, net income, and rate of return, classes A and B carriers by inland and coastal waterways, 1957-66*

Year ended Dec. 31—	Net investment in transportation prop- erty plus working capital	Net revenue from waterline operations	Ratio of net revenue from water- line opera- tions to net invest- ment in transporta- tion prop- erty plus working capital	Share- holders' equity	Net income	Ratio of net in- come to share- holders' equity
			<i>Percent</i>			<i>Percent</i>
1957.....	\$210,333,350	\$28,935,872	13.76	\$186,801,067	\$16,222,252	8.68
1958.....	213,062,968	21,027,350	9.87	192,652,525	11,966,600	6.21
1959.....	228,942,072	19,615,859	8.57	199,854,655	10,755,324	5.38
1960.....	247,077,787	21,111,929	8.54	208,820,923	11,968,394	5.73
1961.....	243,758,306	23,595,053	9.68	209,207,834	12,846,285	6.14
1962.....	244,972,532	26,053,435	10.64	205,160,782	15,688,197	7.65
1963.....	245,377,862	32,274,482	13.15	213,131,394	20,180,561	9.47
1964.....	261,627,839	35,014,846	13.38	224,029,170	30,029,716	13.40
1965.....	278,361,019	42,407,893	15.23	234,398,733	27,939,783	11.92
1966.....	291,302,064	43,656,412	14.99	253,269,747	31,529,861	12.45

NOTE: Long-term debt due within 1 year included in current liabilities beginning in 1963. See footnote 1 to table 50.

TABLE 52.—*Revenues and expenses of maritime carriers, 1957-66*

Year ended Dec. 31—	Num- ber of com- panies rep- re- sented	Operating revenues				Waterline tax accruals	Total waterline operating expenses	Oper- ating ratio
		Coastwise and inter- coastal service	Charter	Total vessel operating	Total waterline operating			
								<i>Percent</i>
1957.....	30	\$149,310,628	\$20,555,175	\$561,474,101	\$621,372,297	\$850,386	\$585,734,623	94.26
1958.....	27	135,442,193	17,224,253	472,085,083	534,503,596	754,551	518,254,986	96.96
1959.....	26	134,127,926	17,331,267	462,377,363	530,553,819	734,462	512,637,222	96.62
1960.....	27	135,159,959	16,978,720	460,567,342	524,413,273	707,852	515,302,869	98.26
1961.....	26	107,302,361	22,584,541	439,294,532	504,679,917	689,901	494,395,776	97.96
1962.....	23	102,409,701	24,183,445	532,535,273	628,498,423	813,228	593,773,641	94.47
1963.....	21	102,346,182	20,430,141	547,732,284	652,657,076	1,171,818	627,419,122	96.13
1964.....	21	106,193,835	17,844,491	595,304,904	704,840,170	1,251,287	667,165,648	94.65
1965.....	20	103,650,563	19,834,911	579,908,021	678,980,520	1,198,952	651,990,581	96.02
1966.....	19	112,607,919	35,163,627	582,982,642	654,491,504	1,317,915	611,648,180	93.45

TABLE 53.—*Taxes, income, and employment of maritime carriers, 1957-66*

Year ended Dec. 31—	Provision for income taxes	Net income	Employees	
			Average number	Compensation
1957.....	\$16,753,890	\$21,849,876	17,671	\$137,420,037
1958.....	7,544,461	9,990,093	15,688	133,674,681
1959.....	11,332,969	15,512,045	16,999	134,666,348
1960.....	8,443,601	4,581,479	16,256	123,669,282
1961.....	7,334,081	6,613,211	18,668	131,418,957
1962.....	11,131,684	21,203,789	16,333	138,020,796
1963.....	3,584,834	18,260,328	15,853	146,422,465
1964.....	10,339,093	26,827,910	15,561	160,546,494
1965.....	4,873,281	21,743,255	12,282	144,412,477
1966.....	12,923,890	25,338,335	10,789	113,951,878

TABLE 54.—*Selected balance sheet items of maritime carriers, 1957-66*

Year ended Dec. 31—	Current assets	Net investment in transportation property <sup>1</sup>	All other assets	Current liabilities <sup>2</sup>	Long-term debt	All other liabilities	Shareholders' equity
1957.....	\$180,172,020	\$232,131,857	\$189,605,790	\$91,214,103	\$117,677,662	\$103,542,927	\$289,474,975
1958.....	143,476,378	214,541,539	186,055,677	74,254,443	98,319,280	99,162,657	272,337,214
1959.....	146,694,160	210,587,523	153,943,545	79,146,733	110,545,692	41,115,434	280,417,369
1960.....	145,183,214	207,778,356	153,664,504	91,707,725	103,004,933	48,913,152	263,000,354
1961.....	138,761,782	210,628,507	155,810,914	95,297,788	87,492,897	51,056,842	271,353,676
1962.....	166,800,405	333,114,771	154,154,494	115,889,605	136,894,053	61,235,814	340,050,198
1963.....	160,754,239	340,825,009	179,643,955	103,908,898	160,688,377	63,917,717	352,708,211
1964.....	170,984,369	340,998,934	178,594,762	109,272,420	146,812,027	62,329,892	372,163,726
1965.....	148,795,427	279,212,648	123,129,356	94,940,381	124,365,482	53,359,258	278,472,810
1966.....	171,821,747	359,421,876	184,912,441	112,265,689	200,914,351	100,461,475	302,514,549

<sup>1</sup> Excludes spare parts, included in "all other assets."<sup>2</sup> Includes long-term debt due within 1 year.TABLE 55.—*Gross profit from shipping operations, net income, and rate of return of maritime carriers, 1957-66*

Year ended Dec. 31—	Net investment in transportation plus working capital	Gross profit from shipping operations	Ratio of gross profit from shipping operations to net investment in transportation plus working capital	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
			Percent			Percent
1957.....	\$321,089,774	\$35,637,674	11.10	\$289,474,975	\$21,849,876	7.55
1958.....	283,763,474	16,248,610	5.73	272,337,214	9,990,093	3.67
1959.....	278,134,950	17,916,597	6.44	280,417,369	15,512,045	5.53
1960.....	261,253,845	9,110,404	3.49	263,000,354	4,581,479	1.74
1961.....	254,092,501	10,284,141	4.05	271,353,676	6,613,211	2.44
1962.....	384,025,571	34,724,782	9.04	340,050,198	21,203,789	6.24
1963.....	397,670,350	25,237,954	6.35	352,708,211	18,260,328	5.18
1964.....	402,710,883	37,674,522	9.36	372,163,726	26,827,910	7.21
1965.....	333,067,694	26,989,939	8.10	278,472,310	21,743,255	7.81
1966.....	418,977,934	42,843,324	10.23	302,514,549	25,338,335	8.38

TABLE 56.—*Transportation revenues and transportation purchased, class A freight forwarders, 1957-66*

Year ended, Dec. 31—	Number of forwarders representatives	Transportation revenues	Transportation purchased					Total
			Railroad	Motor	Water	Pickup delivery, and transfer	Other	
1957...	61	\$422,495,947	\$211,000,064	\$50,687,606	\$1,758,698	\$50,129,886	\$1,255,879	\$314,832,133
1958...	57	412,903,174	203,064,163	50,032,429	1,319,535	49,131,227	1,416,549	304,963,903
1959...	59	443,273,340	201,720,551	57,327,882	1,049,590	56,612,676	1,433,429	318,144,128
1960...	64	437,016,256	188,351,121	58,926,065	2,028,774	58,691,003	1,737,444	309,734,407
1961...	64	442,767,684	179,144,943	60,927,786	1,642,555	60,898,444	1,813,998	304,427,726
1962...	64	464,582,799	179,654,289	68,722,351	1,446,230	66,559,585	2,066,120	318,448,575
1963...	60	469,647,263	167,411,216	75,752,000	7,634,500	67,339,978	2,268,089	320,405,783
1964...	60	487,013,405	163,604,460	85,831,496	8,619,202	71,818,476	3,454,600	333,328,234
1965...	59	459,338,760	151,210,173	72,136,335	8,448,535	71,304,108	3,359,955	306,459,106
1966...	61	526,833,592	170,056,448	80,816,044	4,781,823	83,168,372	7,117,181	345,939,868

TABLE 57.—*Operating revenues, expenses, income, taxes, net income, and employment of class A freight forwarders, 1957-67*

Year ended Dec. 31—	Operating revenues	Operating expenses	Operating ratio	Revenue from forwarder operations	Income taxes	Net income	Employees	
							Average number	Compensation
			<i>Percent</i>					
1957.....	\$111,803,662	\$104,393,038	93.37	\$7,410,624	\$3,008,664	\$3,997,520	11,696	\$54,917,271
1958.....	112,254,137	104,836,918	93.39	7,417,219	2,859,452	4,166,892	10,523	52,757,019
1959.....	129,689,016	122,477,876	94.44	7,211,140	3,159,029	3,903,103	10,881	56,594,835
1960.....	131,719,307	126,403,920	95.96	5,315,387	2,802,458	2,796,554	10,914	57,640,390
1961.....	143,051,861	131,926,129	92.22	11,125,732	4,388,080	6,080,013	10,749	57,561,106
1962.....	150,383,782	136,839,432	90.99	13,544,350	5,886,134	6,770,774	10,504	59,326,489
1963.....	152,229,176	139,043,972	91.34	13,185,204	5,617,260	7,281,857	10,076	59,542,205
1964.....	156,205,604	145,506,411	93.15	10,699,193	4,766,231	5,122,455	9,530	59,284,093
1965.....	155,449,613	136,525,659	87.83	18,923,954	7,482,251	11,387,606	8,457	55,188,383
1966.....	184,025,954	160,668,473	87.31	23,359,481	9,257,004	11,831,672	9,341	62,464,776
January-June 1966	87,431,604	77,056,055	88.13	10,375,009	4,066,349	6,202,889	-----	-----
January-June 1967.....	87,977,935	81,158,312	92.25	6,819,623	3,380,913	2,476,780	-----	-----

<sup>1</sup> Data of 1 large corporation in process of reorganization under chapter X of the Bankruptcy Act have been omitted from this item. Had such data been included, net income would be \$13,804,427.



TABLE 58.—*Selected balance sheet items of class A freight forwarders, 1957-66*

Year ended Dec. 31—	Current assets	Net invest- ment in trans- portation property	All other assets	Current liabil- ities <sup>1</sup>	Long- term debt <sup>1</sup>	All other liabilities	Share- holders' equity
1957-----	\$45,342,102	\$3,722,263	\$4,706,669	\$32,955,357	\$1,353,382	\$1,281,053	\$18,181,242
1958-----	50,455,242	3,902,077	4,990,066	36,551,702	1,637,687	1,673,395	19,484,701
1959-----	53,310,600	4,387,372	6,501,858	40,275,011	1,985,099	1,953,682	19,986,038
1960-----	56,276,913	5,225,365	7,002,604	44,209,977	2,796,651	2,177,235	19,321,019
1961-----	58,513,319	6,249,057	7,262,651	45,335,222	4,469,797	2,451,245	19,768,763
1962-----	60,796,062	6,261,293	8,547,798	46,672,883	4,058,198	2,863,523	22,010,549
1963-----	60,072,902	6,837,511	9,369,525	45,781,751	3,830,134	2,958,946	23,709,107
1964-----	59,670,474	6,111,882	9,443,165	46,164,556	5,243,997	4,007,461	19,809,507
1965-----	64,864,039	5,431,746	8,327,769	50,478,020	5,642,365	2,970,822	19,532,347
1966-----	76,226,261	7,714,359	10,364,367	55,646,418	31,932,241	4,575,165	<sup>2</sup> 20,847,351

<sup>1</sup> Current liabilities include "Long-term debt due within one year" for which provision has been made for current settlement. If no provision has been made for current settlement, matured long-term debt is included in "Long-term debt."

<sup>2</sup> Data of 1 large corporation in process of reorganization under chapter X of the Bankruptcy Act have been omitted from this item. Had such data been included, shareholders' equity would be \$2,151,163.

TABLE 59.—*Revenue, less taxes, from forwarder operations, net income, and rate of return of class A freight forwarders, 1957-66*

Year ended Dec. 31—	Net invest- ment in transportation property plus working capital	Revenue, less transpor- tation taxes, from forwarder operations	Ratio of revenue, less transportation taxes from for- warder opera- tions to net investment in transportation property plus working capital	Shareholders' equity	Net income	Ratio of net income to share- holders' equity
			<i>Percent</i>			<i>Percent</i>
1957-----	\$16,109,008	\$7,156,575	44.43	\$18,181,242	\$3,997,520	21.99
1958-----	17,805,617	7,173,356	40.29	19,484,701	4,166,892	21.39
1959-----	17,422,961	6,991,641	40.13	19,986,038	3,903,103	19.53
1960-----	17,292,301	5,049,494	29.20	19,321,019	2,796,554	14.47
1961-----	19,427,154	10,832,782	55.76	19,768,763	6,080,013	30.76
1962-----	20,384,472	13,235,199	64.93	22,010,549	6,770,774	30.76
1963-----	21,128,662	12,749,844	60.34	23,709,107	7,281,857	30.71
1964-----	19,617,800	10,262,632	52.31	19,809,507	5,122,455	25.86
1965-----	19,817,765	18,472,053	93.21	19,532,347	11,387,606	58.30
1966 <sup>1</sup> -----	28,294,202	22,777,532	80.50	<sup>1</sup> 20,847,351	<sup>1</sup> 11,831,672	<sup>1</sup> 56.75

<sup>1</sup> Data of 1 large corporation in process of reorganization under chapter X of the Bankruptcy Act have been omitted from this item. Inclusion of such data would have distorted ratio of net income to shareholders' equity.

TABLE 60.—*Revenues, expenses, net income, and employment of oil pipeline companies, 1957-66*

Year ended Dec. 31—	Number of companies represented	Operating revenues	Operating expenses	Operating ratio	Taxes		Net income	Employees <sup>2</sup>	
					U.S. Government <sup>1</sup>	Other than U.S. Government		Average number	Compensation
				<i>Percent</i>					
1957.....	74	\$704,215,992	\$371,269,224	52.72	\$125,026,586	\$29,995,539	\$154,844,412	24,313	\$156,072,836
1958.....	76	698,394,671	373,757,576	53.52	103,324,330	32,843,575	161,714,400	23,290	152,605,046
1959.....	78	735,678,934	383,431,867	52.12	107,721,036	35,271,783	183,345,650	22,152	152,811,552
1960.....	82	756,330,661	405,465,693	53.61	114,753,937	37,490,373	171,683,299	21,321	150,577,190
1961.....	84	770,068,992	407,107,830	52.87	110,717,562	39,647,062	181,352,272	20,295	150,715,010
1962.....	87	789,492,543	412,831,049	52.29	114,541,058	40,635,975	201,319,617	19,917	145,108,799
1963.....	89	814,766,331	423,989,388	51.99	123,904,364	42,960,747	196,131,410	18,157	144,284,552
1964.....	85	840,802,653	485,413,141	57.73	115,417,074	46,106,858	206,438,978	17,676	142,830,552
1965.....	84	879,592,867	497,350,368	56.54	133,786,522	48,470,554	215,462,204	15,635	141,267,362
1966.....	82	916,020,258	515,461,160	56.27	131,677,748	51,303,986	232,912,675	16,180	140,655,347

<sup>1</sup> Includes Federal income taxes, which prior to 1964 were not separable in published statistics from other U.S. Government taxes. In 1966 Federal income taxes were \$128,120,544.

<sup>2</sup> Includes employees of pipeline departments of 5 large oil companies.

TABLE 61.—*Selected balance sheet items of oil pipeline companies, 1957-66*

Year ended Dec. 31—	Current assets	Net invest- ment in transportation property	All other assets	Current liabilities <sup>1</sup>	Long-term debt	All other liabilities
1957-----	\$358,759,293	\$1,736,204,198	\$81,532,799	\$156,704,774	\$1,057,952,490	\$10,088,139
1958-----	339,703,074	1,779,887,309	95,709,281	149,201,102	1,059,883,242	14,401,322
1959-----	373,129,013	1,814,108,528	147,695,606	169,454,184	1,110,415,920	14,714,620
1960-----	387,046,787	1,860,243,928	142,457,259	185,111,060	1,094,386,953	17,538,442
1961-----	427,490,652	1,868,939,140	113,629,133	188,185,470	1,088,763,967	18,431,994
1962-----	426,671,586	1,886,150,137	103,632,076	182,068,188	1,071,176,822	17,306,994
1963-----	527,320,974	2,190,852,087	120,180,014	250,328,121	1,334,779,141	24,063,385
1964-----	521,942,060	2,201,404,228	105,680,134	289,476,335	1,239,712,221	6,880,977
1965-----	547,215,249	2,231,125,360	105,077,759	296,853,448	1,252,527,567	8,068,464
1966-----	563,228,864	2,464,025,861	123,524,888	328,431,909	1,401,533,461	8,825,199

<sup>1</sup> Beginning in 1964, includes long-term debt due within 1 year. Prior to 1964, this item was included in long-term debt.

TABLE 62.—*Net revenue from operations, net income, and rate of return of oil pipeline companies, 1957-66*

Year ended Dec. 31—	Net invest- ment in transportation property plus working capital	Net revenue from opera- tions	Ratio of net revenue from operations to net investment in transporta- tion property plus working capital	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
			<i>Percent</i>			<i>Percent</i>
1957-----	\$1,938,258,717	\$332,946,768	17.18	\$951,750,887	\$154,844,412	16.27
1958-----	1,970,389,281	324,637,095	16.48	991,813,998	161,714,400	16.30
1959-----	2,017,783,357	352,247,067	17.46	1,040,348,423	183,345,650	17.62
1960-----	2,062,179,655	350,864,968	17.01	1,092,711,519	171,683,299	15.71
1961-----	2,108,244,322	362,959,162	17.22	1,114,677,494	181,352,272	16.27
1962-----	2,130,753,535	376,661,494	17.68	1,145,901,795	201,319,617	17.57
1963-----	2,467,844,940	391,166,943	15.85	1,229,182,428	196,131,410	15.96
1964-----	2,433,869,953	355,389,512	14.60	1,292,956,889	206,458,978	15.97
1965-----	2,481,487,161	382,242,499	15.38	1,325,968,889	215,462,204	16.25
1966-----	2,698,822,816	400,559,108	14.84	1,411,989,044	232,912,675	16.50



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FISCAL YEAR ENDED JUNE 30, 1968



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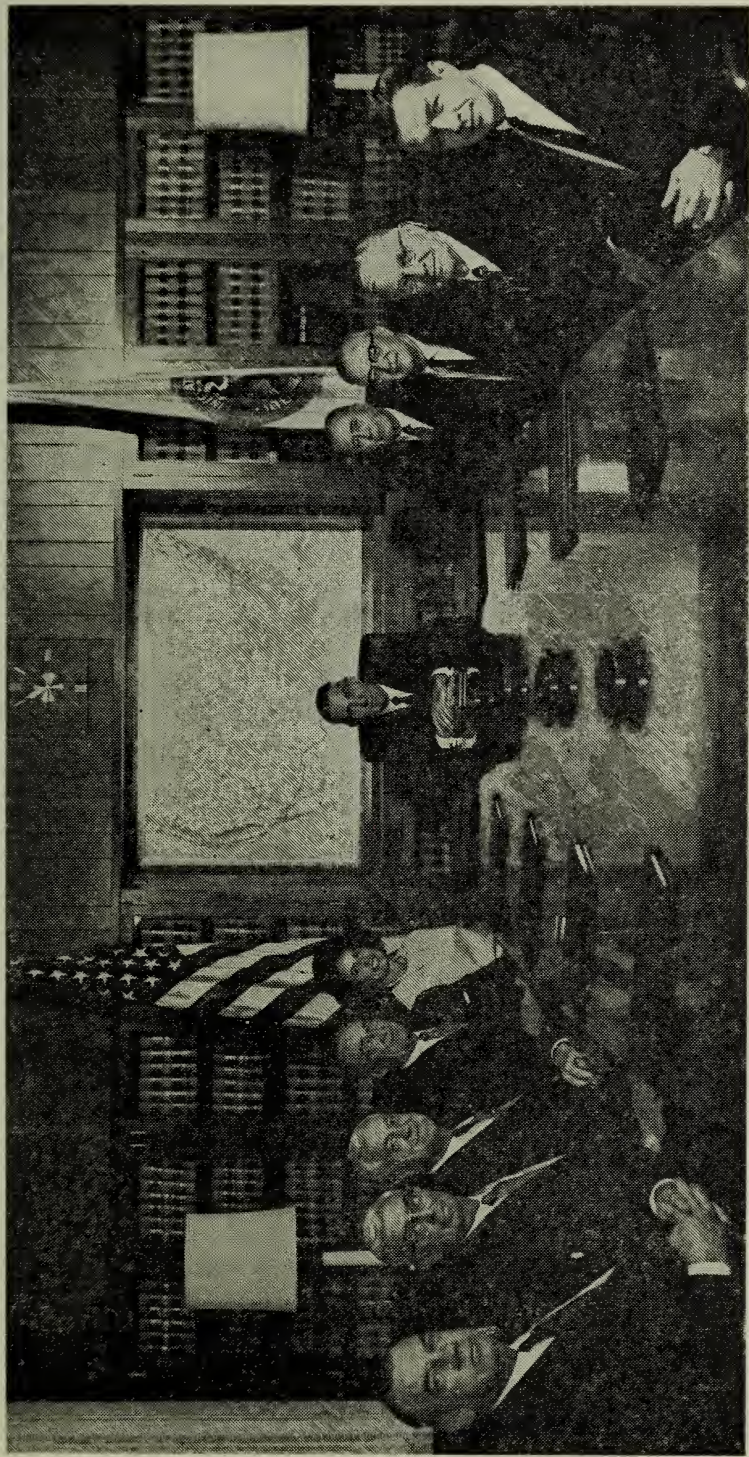
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Interstate Commerce Commissioners (left to right) Burke, Stafford, Bush, Murphy, Brown (Vice Chairman), Tierney (Chairman), Tuggle, Walrath, Deason, Hardin.





# REPORT OF THE INTERSTATE COMMERCE COMMISSION

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WASHINGTON, D.C., *December 31, 1968.*

*To the Senate and House of Representatives:*

The Interstate Commerce Commission submits herewith its 82d Annual Report to the Congress in accordance with section 21 of the Interstate Commerce Act.

The report generally embraces the 1968 fiscal year ended June 30, 1968, except in the discussion of significant actions that transcend the 12-month period or where necessary to conform to various statistical analyses.

A statement of appropriations and aggregate expenditures for the 1968 fiscal year is contained in appendix F.

## THE COMMISSION

Commissioner Paul J. Tierney was elected by the members of the Interstate Commerce Commission to serve as Chairman for calendar year 1968, succeeding former Chairman William H. Tucker whose term as a Commissioner ended December 31, 1967. Commissioner Virginia Mae Brown was elected Vice Chairman. In July 1968 President Johnson reappointed Commissioner Kenneth H. Tuggle to another term and nominated Wallace R. Burke to succeed Commissioner Tucker. The 11 members of the Commission serve staggered 7-year terms. Their terms of office and States of legal residence are as follows:

Kenneth H. Tuggle.....	Kentucky.....	Sept. 8, 1953	Dec. 31, 1975
Rupert L. Murphy.....	Georgia.....	Dec. 30, 1955	Dec. 31, 1971
Laurence K. Walrath.....	Florida.....	Mar. 29, 1956	Dec. 31, 1970
John W. Bush.....	Ohio.....	Apr. 3, 1961	Dec. 31, 1971
Paul J. Tierney.....	Maryland.....	Mar. 29, 1963	Dec. 31, 1969
Virginia Mae Brown.....	West Virginia.....	May 25, 1964	Dec. 31, 1970
Willard Deason.....	Texas.....	Sept. 8, 1965	Dec. 31, 1972
George M. Stafford.....	Kansas.....	Apr. 26, 1967	Dec. 31, 1973
Dale W. Hardin.....	Illinois.....	July 31, 1967	Dec. 31, 1972
Wallace R. Burke.....	Connecticut.....	Aug. 21, 1968	Dec. 31, 1974
Vacancy.....			Dec. 31, 1973

A description of the Commission's organization appears in appendix A.

## INTRODUCTION

Fiscal 1968 was the first year in which the full impact of administrative and procedural improvements gained from reorganization moves throughout the sixties could be brought to bear on the Commission's workload. The productive advantages came none too soon. Without the successive improvements in efficiency registered in recent years, the agency could not have coped with 1968's dual problems of decreased resources resulting from budgetary restrictions and the increased workloads which were a reflection of intensifying economic and legal complexities in the cases brought before the Commission.

Despite slimmer resources and broadening workload, the Commission was able to reduce its pending cases about one-third below the number of 2 years ago. This resulted in part from a decrease in the number of proceedings opened. But the decline in volume was deceptive because the cases diverted by new procedural rules and other measures were of only routine complexity. Those matters which remained for formal adjudication often involved a consolidation of individually complex issues or areas requiring development of new policy to match the changing demands of commerce and its supporting transportation.

There was little surcease from transportation's problem areas: proposals to revamp the Nation's transportation systems through carrier mergers; the small shipments dilemma; and institution of effective criteria for use of the new express and interstate highways. Other complications supplemented these problems. Carriers accelerated their moves to diversify into nontransportation enterprises or to be absorbed by conglomerates. With the stepped-up removal of railroad postal traffic the number of applications to discontinue passenger trains rose alarmingly, and the Commission urgently sought enactment of remedial legislation, including Congressional authorization of a study to determine the national need for rail passenger service.

Another problem area of special concern to the Commission was the obvious shift from the "buyer's" market which shippers had enjoyed for many years because of an overabundance of carrier capacity. The forces of economic competition had tended to keep the rates low, but with rising labor and operating costs, carriers sought rate increases—both across the board and selective. In these situations and in those instances where carriers lowered rates to obtain traffic, especially in an intermodal context, cost finding standards became



increasingly significant and the Commission devoted extensive attention to development of such policies. In this and other areas of the Commission's responsibility, it is clear that the economic and legal aspects of transportation regulation are becoming increasingly intricate.

With the resources we have we intend to continue exploring every avenue to assure that our regulation of one of the most important segments of the national economy offers full protection to the public interest. We shall work toward keeping this regulation as streamlined as possible, so that it does not become a burdensome impediment that prevents the public from obtaining prompt redress of unreasonable conditions or interferes unduly with the competitive zeal of carrier management.

Our streamlining efforts have extended also to this report. About one-third of the customary statistical content has been eliminated. Because the information in those portions deleted is available in other publications of the Commission, there will be no loss of public access to such data.

## RAILROAD PASSENGER SERVICE

**Intercity rail passenger service in this Nation has been declining rapidly since 1950. In a period when intercity travel has more than doubled, rail service has shrunk to less than half its former size.**

In the last 10 years—

- The number of regular intercity trains has declined more than 60 percent from the 1,448 trains operated in 1958.

- Fourteen railroads have abandoned all intercity service, and six have only one pair of trains left.

- Intercity service over 36 percent of the 1958 routes has been completely eliminated.

- Noncommutation passengers have decreased 40 percent, and first-class passengers have dropped nearly 70 percent.

- Rail investment in new equipment for intercity service has nearly ground to a halt, and the quality of service has deteriorated in a number of instances.

In 1967, the decline of intercity service sharply accelerated—

- Both intercity passenger-miles and revenues decreased 15 percent in that year alone.

- Mail revenues, which have contributed nearly one-third of the total revenues earned annually by passenger trains, declined 20 percent.

- The total costs of providing even this reduced level of passenger service increased more than 20 percent.

In the past fiscal year, the number of trains proposed for discontinuance was more than double the number presented to the Commission in any previous year. The number of regular intercity trains dropped to 575, or by more than 15 percent in the past fiscal year, principally as a result of decisions under section 13a of the Interstate Commerce Act. However, the most critical problem was presented by the receipt of several proposals to discontinue the last remaining rail passenger service between major areas in the country, particularly in the West. In view of the trends in rail passenger operations and discontinuance proceedings, significant segments of the last remaining long- and medium-distance intercity rail passenger service will not survive the next few years without a major shift in Federal and carrier policies.

In a special report<sup>1</sup> to the Congress on June 25, 1968, the Commission cited the urgent need for changes in Federal policy if the decline in rail passenger service is to be stopped. A comprehensive governmental review of the present and future need for intercity rail service was recommended. The Northeast Corridor project involves only a limited part of the problem, the Commission found. Beyond that, the existing governmental environment does little more than weakly support that level of service which the railroads themselves can afford. The quality and quantity of that service are deteriorating. The forces underlying this trend grow stronger. Present programs—public and private—cannot reverse this decline. And the Commission does not believe that any significant action will be taken until a consensus is developed on whether a national intercity rail system is needed. The national ambivalence toward the problem not only fosters inaction and inconsistency in governmental policy, but it encourages railroads to continue the present trends.

In light of the rapid deterioration of intercity rail passenger service, the Commission's report to Congress recommended:

(1) that a Federal study of the need and means for preserving a national rail passenger system be initiated as soon as possible;

(2) that section 13a be amended to provide more effective and efficient regulation geared to present conditions, including a provision to preserve a minimum level of service while the study is in progress; and

(3) that the Post Office Department temporarily consider redirecting its policies on mail contracts to support the present level of passenger train service during this study.

Several weeks after the report was received, H.R. 18212 and S. 3861 were introduced to implement the legislative proposals suggested by the Commission.<sup>2</sup> Hearings were held on both bills and H.R. 18212 was approved by the House Subcommittee on Transportation and Aeronautics. Neither bill was passed by the full Committees before Congress adjourned.

#### GENERAL ECONOMIC CONDITION OF RAIL PASSENGER SERVICE IN 1967

Rail passenger service declined substantially in 1967. Patronage, passenger revenues, mail and express revenues, and the number of trains all showed the sharpest drops of any year in the past decade.

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<sup>1</sup> "Intercity Rail Passenger Service in 1968." Report and Recommendations of the Interstate Commerce Commission to the Senate Committee on Commerce and the House Interstate and Foreign Commerce Committee. The entire document is reprinted in *Hearings on Railroad Passenger Train Service Before the Subcommittee on Transportation and Aeronautics of the House Committee on Interstate and Foreign Commerce, 90th Cong., 2d sess., ser. 90-46 (1968).*

<sup>2</sup> A more complete description of the provisions contained in these bills is set forth on page 110.



Despite the discontinuance of the largest number of unprofitable passenger trains in any year since the Commission was given partial jurisdiction over the cessation of passenger services in 1958, the passenger deficits of the carriers increased.

The losses in patronage and passenger revenues, however, were confined to intercity (noncommuter) rail passenger operation. The number of rail commuter passengers rose in 1967 over 1966, as did commuter passenger revenues and revenue passenger-miles. Commuter service has not declined as markedly as intercity service in the past 10 years. Since 1962 commuter service actually has shown a small increase in patronage.

The following table shows the changes between 1966 and 1967 in the number of revenue passengers, revenue passenger-miles and amounts of passenger revenues reported by class I railroads.

	Revenue passengers	Passenger revenue	Revenue passenger- miles
	<i>Millions</i>	<i>Millions</i>	<i>Billions</i>
1966.....	300.4	\$543.4	17.1
1967.....	297.0	485.2	15.2
Percent change 1967 compared with 1966.....	-1.1	-10.7	-11.1

The passenger service deficit computed according to ICC accounting separation rules, which includes an apportionment of common costs between freight and passenger operations, was \$485 million in 1967, up \$85 million from the preceding year. Expenses related solely to passenger and allied services exceeded total passenger service revenues by \$72 million in 1967, as compared with a \$26 million surplus of total revenues over solely related expenses in 1966. Last year was the first time since 1958 that total revenues failed to exceed solely related expenses.

There was a sharp decline in the number of class I rail intercity (noncommutation) revenue passengers in 1967. The reported 98.1 million passengers were 6.8 percent below the total for the preceding year.<sup>3</sup> Passenger revenues dropped 15.4 percent below the amount realized in 1966, and revenue passenger-miles fell 15.5 percent. The re-

<sup>3</sup> Intercity statistics are actually based on other than commutation and multiple-ride passenger traffic. Commuters, or, more precisely, commutation and multiple-ride passengers, are defined as those passengers traveling between designated points at less than the basic fare per trip. In addition to excluding passengers paying the basic fare, the commuter total does not include round trip or half-fare passengers, clergy, charity, military, special excursion or other special rated traffic. It is probable, therefore, that a large percentage of the total number of intercity passengers may consist of passengers who are using commuter trains on an irregular basis or without purchasing reduced-fare commuter tickets. Weekend travelers, shoppers, special excursion passengers, or other occasional riders would be counted as intercity passengers, even though their trips might be limited to suburban-central city movements within a single metropolitan area. The larger decreases in the average length of haul and average fare per revenue passenger compared to the drop in intercity passengers is another indication that railway passenger losses were concentrated in intercity, rather than commuter, service.

duced intercity revenue patronage totals were the result of passenger train discontinuances by railroads seeking to eliminate unprofitable passenger routes and schedules and declining use of some of the remaining trains.

The average length of 1967 intercity revenue passenger trips decreased to 111 miles, 11 miles less than the average trip for 1966. The average intercity passenger fare was \$3.48 in 1967. Mail revenues received by class I railroads for passenger and freight service in 1967 were \$263.6 million, a drop of \$40.4 million or 13.3 percent below 1966. Express revenues declined 9.8 percent in 1967 to \$60.7 million. Decreases in class I railroad mail and express revenues have been factors in the reductions in intercity rail passenger operations.

*Intercity (noncommutation) operations—class I railroads, 1958-67*

Year	Revenue passengers	Passenger revenue	Revenue passenger- miles
	<i>Millions</i>	<i>Millions</i>	<i>Billions</i>
1958.....	140.1	\$551.7	18.5
1959.....	130.9	526.5	17.5
1960.....	122.8	517.6	17.1
1961.....	118.5	497.5	16.2
1962.....	117.2	492.1	15.9
1963.....	114.5	457.9	14.4
1964.....	114.8	443.4	14.0
1965 <sup>1</sup> .....	106.3	416.4	13.3
1966.....	105.3	403.7	12.9
1967.....	98.1	341.4	10.9

<sup>1</sup> Data prior to 1965 should be adjusted for change in number of class I railroads. For details of 1964 adjustment, see 80th Annual Report to Congress.

Source: Bureau of Accounts, Statement Q-220 (OS-B).

In 1967, class I railroads transported 198.9 million commuter passengers, more than in any year since 1960. Commuter passenger revenues continued to increase and totaled \$143.8 million in 1967, up 2.9 percent from 1966. Revenue passenger-miles generated by rail commuter operations in 1967 rose 2.4 percent, to 4.3 billion—the highest level since 1959.

*Commuter operations—class I railroads, 1958-67*

Year	Commuter revenue passengers	Commuter passenger revenues	Commuter revenue passenger- miles
	<i>Millions</i>	<i>Millions</i>	<i>Billions</i>
1958.....	240.2	\$123.6	4.8
1959.....	221.4	125.1	4.5
1960.....	203.0	122.4	4.2
1961.....	198.4	126.9	4.1
1962.....	194.5	126.7	4.0
1963.....	195.1	130.0	4.1
1964.....	198.2	134.2	4.2
1965 <sup>1</sup> .....	192.6	136.4	4.1
1966.....	195.1	139.7	4.2
1967.....	198.9	143.8	4.3

<sup>1</sup> Data prior to 1965 should be adjusted for change in number of class I railroads. For details of 1964 adjustment, see 80th Annual Report to Congress.

Source: Bureau of Accounts, Statement Q-220 (OS-B).

The stability of commuter operations can be traced in many instances to increased governmental assistance. The assistance provided by various public agencies has been growing in scope and magnitude during the past few years. State and local aid in the Northeast, in particular, has been instrumental in preserving essential commuter service. Without this help, it is extremely doubtful that commuter service would exist today for many communities.

On March 25, 1968, the Commission transmitted a stewardship report on its activities relating to rail commuter service since 1958 to the Senate Subcommittee on Housing and Urban Affairs of the Committee on Banking and Currency.<sup>4</sup>

Although commuter service is being upgraded, there has been little real progress in improving intercity rail passenger systems. The most encouraging developments in this area were the efforts to modernize equipment and service through high-density population corridors and the growing consensus that such service will be both essential and economically viable in the future.

Most of the major demonstration projects authorized on September 30, 1966, by the High Speed Ground Transportation Act were still not operational in fiscal 1968. The start of accelerated rail passenger service between Washington and New York, scheduled to begin on October 29, 1967, and then deferred to early 1968, was further postponed.

The date for the start of the Northeast Corridor revenue demonstration is now tied directly to the completion of developmental testing and modification, chiefly of electrical parts, and final acceptance by the Penn Central of new self-propelled electric cars. Construction is proceeding on two suburban automobile-parking station facilities; one will be located in Prince Georges County, Md., just outside of Washington, D.C., and the other in the New Jersey portion of the New York City suburban area.

The Boston-New York demonstration of a new gas turbine train also depends on acceptance of two train sets which will perform the service. The equipment is being leased by the Department of Transportation from United Aircraft Corporate Systems. The leased trains will be furnished by the Federal Government to the New Haven Railroad, which will operate the equipment under government supervision. Before the trains can be put into service, however, certain portions of the New Haven roadway must be upgraded, curves must be modified, and some provision made for electrical train operations within New York

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<sup>4</sup> A copy of the report is reprinted in *Hearings on the Effect of Railroad Mergers on Commuter Transportation Before the Subcommittee on Housing and Urban Affairs of the Senate Committee on Banking and Currency, 90th Cong., 2d sess. at 213-234 (1968).*



City. It appears that these improvements will be completed in the near future.

A planned demonstration of auto-train service between Washington and Jacksonville, Fla., was deferred when additional funds were not provided by Congress for the program in fiscal 1968. The High Speed Ground Transportation Office had planned to purchase the locomotives and cars to be used in the demonstration. Congress indicated it favored a greater commitment of private funds for the equipment and operation.

The Office of High Speed Ground Transportation has been exploring new sources of private investment capital. It has made its developmental studies of the project available to interested parties. The Ford Motor Co. and a New York City financial group have investigated the auto-train and are considering the investment.

DOT also has demonstration projects in process involving collection of data on the public response to changes in the quality, cost, and quantity of rail passenger service in the Northeast Corridor. Another demonstration program is concerned with the present and potential demand for airport ground access services. The latter project is presently concentrated on services from Baltimore and Washington to Friendship International Airport.

Together with the major recommendations of the Commission contained in H.R. 18212 and S. 3861, earlier legislation requested by the Commission in early 1967, embodied in H.R. 7004 and S. 1175, was still in committee when Congress adjourned. These earlier bills, which would have permitted the Commission a greater measure of flexibility in dealing with passenger train discontinuance applications than is now possible under section 13a of the Transportation Act of 1958, were incorporated in H.R. 18212 and S. 3861.

#### DISCONTINUANCES OF RAIL PASSENGER SERVICE

The Commission's primary regulatory function in connection with rail passenger service has been to decide whether to retain trains which the railroads propose to discontinue. Most discontinuance notices filed with the Commission involve intercity rather than commuter service. Section 13a(1), enacted in 1958, provides that service cannot be ordered continued unless the interstate trains in question are required by the public and do not unduly burden the carrier.

During this fiscal year, the Commission received 73 notices to discontinue interstate trains. Acting on these notices, it ordered 39 trains continued and 117 trains were eliminated. Notices filed were more than twice the number received in any other year since section 13a was enacted.

*Discontinuance proceedings—Sec. 13a(1)*

	Fiscal year—										Total
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	
Notices filed.....	28	21	14	16	13	21	24	31	33	73	274
Trains discontinued.....	24	89	20	50	14	89	47	96	53	117	599
Trains required to continue in service.....	14	11	6	26	9	13	11	250	18	39	397
Dismissed or withdrawn <sup>1</sup> .....	5	2	8	0	8	8	10	107	86	12	246

<sup>1</sup> Not included in "Notices filed."

Unlike earlier years when many proposed discontinuances involved only the elimination of part of a route, adjustments in schedules, or lightly patronized trains, the past year witnessed proposals to eliminate some of the Nation's top trains, including the Chief between Chicago and Los Angeles, the Santa Fe Chief between Chicago and San Francisco, the Western Pacific's portion of the California Zephyr between San Francisco and Salt Lake City, the Union Pacific's Portland Rose between Kansas City and Portland, the Southern Pacific's City of San Francisco between Ogden, Utah, and Oakland, the Northern Pacific's Mainstreeter between Fargo and Tacoma-Seattle, and the Burlington's Kansas City Zephyr between Chicago and Kansas City. All of these proposals were denied by the Commission. The future of the Seminole between Jacksonville and Chicago, the Penn Central's Spirit of St. Louis between New York and St. Louis, and the Southern Pacific's Sunset between New Orleans and Los Angeles were under consideration at the close of the fiscal year.

Despite failure of the railroads to secure the elimination of these "name" trains, 117 interstate and two intrastate trains were discontinued. The discontinuances in fiscal 1968 reduced the number of regular intercity trains to 580 by July 1, 1968. This represented the greatest decline in intercity service since 1958, when there were 1,448 regular intercity trains in operation.

The burden of mounting labor cost, dwindling patronage, deteriorating equipment, and the loss of mail revenues all increased in 1967, and these factors were reflected in the influx of discontinuance notices. A number of carriers actively attempted to eliminate all their remaining long- and medium-distance passenger service. Without immediate action on the part of the Federal Government, significant segments of the country will soon face the loss of their last remaining rail service. The steadily mounting deficits of most passenger trains made it difficult to make the necessary findings to require their continuance.

More and more areas throughout the country are becoming devoid of passenger train service. The Santa Fe eliminated the last passenger trains operating between Albuquerque and El Paso. The Golden State trains were discontinued by the Rock Island between Chicago

and Tucumcari, N. Mex., and by the Southern Pacific between Tucumcari and El Paso. Discontinuance of the portion of the Georgia-Hummingbird trains by the Chicago and Eastern Illinois between Chicago and Evansville, Ind., ended through Pullman service between Chicago and Atlanta. The Milwaukee and Soo Line railroads eliminated the last through passenger service between Milwaukee and Calumet, Mich., when they discontinued their combined trains known as the Copper Country Limited.

Four additional railroads were added to the list of carriers that no longer operate any passenger trains. In discontinuing trains between Chicago and Louisville, the Monon Railroad ceased its passenger business. Similarly, the Frisco eliminated its remaining passenger train service when it discontinued service between Kansas City and Birmingham. The Colorado and Southern and the Ft. Worth and Denver railroads also discontinued their last remaining passenger trains, including the last through passenger train service between Denver and Dallas. The Chicago & Eastern Illinois discontinued its last interstate trains, but the carrier's petition to discontinue its remaining intrastate trains between Chicago and Danville, Ill., was denied by the Commission.

The \$63.6 million mail revenues diverted from passenger trains in 1967 was greater than the total decline from 1962 through 1966 when some mail diversion was initiated.

Both the absolute loss of mail revenues created by the elimination of rail post office cars and the transfer of bulk mail from passenger to freight trains have become far more significant as the policies begun in late 1967 operated throughout 1968. Mail revenues represented approximately one-third of the total revenues earned by passenger operations in the past decade and many passenger trains depend on mail for the majority of their revenue. Many trains that lost these mail revenues were transformed from marginal operations to heavy deficit operations and soon became the subject of discontinuance notices.

In two proceedings involving the filing of notices by the Santa Fe under section 13a(1) of the act, the railroad stopped operating the trains prior to the proposed date of discontinuance, upon ascertaining that the Commission had decided not to institute an investigation of its notices. Upon further consideration of the matter, the Commission dismissed the notices on the basis that the premature discontinuance of the trains was a breach of the railroad's notice and vitiated the Commission's jurisdiction in the matter. The effect of this decision was to restore jurisdiction of the matter to the States in which the trains formerly operated. This deprived the railroad of any authority under section 13a(1) for discontinuing the trains. Following this incident, the Senate passed a bill (S. 2711) which would prohibit a



discontinuance without a Commission order of authorization. No related action was taken by the House.

In requiring the Burlington to continue operating a pair of trains despite losses resulting from the operation, the Commission found that the carrier had downgraded its services and equipment on the trains in order to justify their discontinuance. The Commission reiterated its policy first announced in *Southern Pac. Co. Discontinuance of Trains*, 328 I.C.C. 360, that it would not find burdens on interstate commerce within the meaning of section 13a of the act to be undue if those burdens were voluntarily created by a carrier for the purpose of obtaining a favorable discontinuance decision from the Commission. In requiring the Southern Pacific to continue the City of San Francisco, the Commission also noted that service had been seriously downgraded without regard to public need.

Last year the Commission placed greater emphasis on partial continuance of trains. In order to preserve the most essential service but still reduce heavy burdens on the carrier, some decisions suggested that service be reduced to operate on weekends, triweekly, or over only the most heavily patronized portions of the route involved. Carriers were also instructed to present evidence in discontinuance proceedings on the feasibility of seasonal, weekend, holiday, or other types of limited service. Other continuances involved the consolidation of trains with reduced services and the continuance of one set of trains where two or more sets formerly served the same points.

### QUALITY OF RAIL PASSENGER SERVICE

The Commission's jurisdiction over rail passenger service has been limited. In 1958, the enactment of section 13a provided the first specific power over this service by enabling the Commission to decide whether certain trains should be discontinued. The function of approving the elimination of trains was also retained by State agencies so that carriers had the option of proceeding before State or Federal agencies for interstate train discontinuances. Section 13a conveyed no promotional powers and confined the Commission's response to a judicial evaluation that could be made only when carriers themselves invoked Federal jurisdiction.

Jurisdiction over the quality of rail passenger service has not been exercised by the Commission. In fact, doubts exist as to whether the provisions of the act provide a statutory basis for the Commission to control the quality of rail passenger service. It is now becoming evident, however, that much of the service is deteriorating in quality, and, in some instances, that a purposeful downgrading of service may be taking place.

Much of the decline in service quality has been the result of the worsening economic plight of rail passenger trains. Fewer trains inevitably mean less convenient departure and arrival times, poorer connections, smaller feeder revenues, and the loss of mail and express traffic. Premium services have been curtailed as a practical compromise to the more drastic alternatives of depriving the public of service, or having the carrier absorb exorbitant deficits. The air of inevitable extinction has been accepted by some carriers. Capital expenditures for long-haul equipment that is nearing the end of its service life have not been made in view of the increase in unprofitability of passenger service. Poorer service, in turn, reinforces the other factors that cause the debilitation of passenger operations.

After receiving petitions from various state regulatory agencies, the Commission instituted an investigation under section 12(1) into the adequacy of passenger service provided by the Southern Pacific between New Orleans and California. In the hearing examiner's recommended report in docket No. 34733, he found that the Commission did have jurisdiction over the quality of passenger service and that it should promulgate national standards of service. In view of the critical importance of this proceeding to the traveling public, oral argument was held on September 18, 1968, on the following matters: (1) the extent of the Commission's jurisdiction over railroad passenger service; (2) whether minimum operating and service standards for interstate passenger trains should be vested in the Commission, and the type of such standards to be promulgated; (3) the merits of the instant proceeding.

This proceeding was given expedited handling and a decision should be forthcoming early in 1969.

## SMALL SHIPMENTS

Development of adequate small shipment service is one of the most perplexing current issues facing both the Commission and the transportation industry. A special ad hoc committee of Commissioners<sup>5</sup> released its study entitled *The Small Shipments Problem*<sup>6</sup> which reported on a number of critical areas of concern:

- Carrier avoidance of shipments of commodities considered undesirable traffic for such reasons as physical characteristics or volume.
- Carrier inability to interline in certain circumstances, thereby preventing the through-movement of a shipment.
- Inability of shippers to obtain service from or to small cities or areas not generating large amounts of traffic.
- Withdrawal of service from low traffic density points following consummation of a merger.
- Bypassing of communities not served by the new interstate highway system.<sup>7</sup>

The committee, recognizing that there is no single answer to the many existing problems, recommended:

1. Increased efforts to obtain remedial legislation, e.g., statutory authority for the Commission to require through route and joint rate arrangements.
2. Increased stress on service fitness.<sup>8</sup>
3. Increased efforts to obtain appropriate data in rate proceedings to assure profitable operations for carriers and more economical rates for shippers.
4. Institution of appropriate court action to obtain both penalties and injunctive relief because of service failures.
5. Improvement of coordination between the Commission's field staff and headquarters in dealing with service complaints.

The Commission recognized the dominance of the motor carrier industry in handling small shipments and the fact that most of the demands for action and solutions by the general shipping public were concerned with transportation by motor carriers. For this reason, the committee concentrated on finding solutions for those problem areas which related directly to the regulated motor carrier industry.

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<sup>5</sup> Commissioner Rupert L. Murphy, Chairman; Vice Chairman Virginia Mae Brown; and Commissioner Laurence K. Walrath.

<sup>6</sup> U.S. Government Printing Office, 25 cents.

<sup>7</sup> See also page 36.

<sup>8</sup> See also page 39.



The ad hoc committee also requested the Commission's Bureau of Economics to conduct a separate staff study of the problem. The study, entitled *The Role of Regulated Motor Carriers in the Handling of Small Shipments*,<sup>9</sup> discusses the role, responsibility, and future of regulated motor carriers as related to their handling of small shipments traffic. Class I and II motor carriers of general freight now dominate small shipment tonnage and revenue. For example, in 1964, these carriers handled 73 million tons of less-than-truckload (l.t.l.) shipments or approximately four times the small shipment tonnage generated by all other regulated carriers combined. The same carriers also received over 50 percent of the total regulated small shipment revenues in 1964, i.e., \$2.8 billion of the total \$4.4 billion.<sup>10</sup>

### TRAFFIC AND REVENUE

Class I intercity motor carriers of passengers continued to promote the handling of package express. The 1967 revenues from this source increased over 1966 by 6.0 percent to an estimated total of \$70.8 million, representing 10.5 percent of these carriers' total revenue earnings.

Shipments handled by 63 freight forwarders with revenues of \$100,000 or more numbered 16.6 million in 1967, a decrease of 5.8 percent from the previous year. The total weight of these forwarder shipments declined 3.3 percent to 4.4 million tons with the average weight per shipment increasing from 510 pounds to 523 pounds. Revenues of \$518.8 million showed a decrease of 1.5 percent below 1966.

The Post Office Department reported handling 725.3 million parcels in fiscal 1967 with revenues derived from these zone-rated parcels amounting to \$645.3 million. This represented a decline of 2.4 percent in the number of parcels, but an increase of 3.4 percent in revenues compared with fiscal 1966. The rise in revenue was due primarily to a rate increase effective January 15, 1967 (Public Law 89-593).

In 1967, the REA Express had domestic revenues of \$421.8 million, down 1.9 percent from 1966. A breakdown of REA's revenue figures indicates that air express shipments decreased by 1.8 percent from 1966. Express privilege payments, made principally to rail, motor, and air carriers, decreased 6.9 percent from 1966, amounting to a total for 1967 of \$104.0 million. While the amount paid to railroads decreased 9.5 percent to \$62.5 million, the railroads' share of total payments also dropped 1.8 percentage points to 60.1 percent. Payments to motor carriers amounted to \$4.9 million, a decrease of 5.1 percent. However, their share of the total payments increased slightly to 4.7 percent.

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<sup>9</sup> U.S. Government Printing Office, \$1.

<sup>10</sup> Ibid. tables 17 and 19.

Less-than-carload traffic of class I railroads continued its decline as more railroads curtailed their services in 1967. The tonnage of approximately 1 million tons was 8.5 percent less than the 1966 figure, while revenues declined 4.7 percent to \$38.2 million.

### TARIFFS

In the Bureau of Traffic's surveillance of tariffs affecting small shipments, the Freight Tariff Branch accorded particular attention to motor carriers' publication of rate and routing restrictions, high exception ratings on bulky articles of light density, and the addition of arbitraries to be added to line-haul rates. There were 84 instances in which such tariffs were referred to the Board of Suspension for possible suspension. Seventeen of the rate adjustments were later protested by shippers and suspended; 39 were suspended by the Board on its own motion, 11 were voluntarily canceled by the carriers, and 17 were permitted to become effective as proposed.

## RATES AND SERVICES

- Rising labor and operating costs led carriers to seek general and selective increases in freight rates for motor, rail, and water movements.

- Use of ICC-specified criteria for cost evidence ordered in a motor carrier general rate increase case.

- Supreme Court sustained the Commission's action in the *Ingot Molds* case which set forth cost finding policies in intermodal competition.

- Commission action permitted Postmaster General to increase parcel post rates.

- Over one-quarter million tariffs containing new or changed rates filed in fiscal 1968.

- Commission lifted its 30-year-old policy requiring uniform rate-break structure on west-to-east grain shipments.

## FREIGHT

The year witnessed a continuation by carriers of the trend, which began in 1966, to place more emphasis on improving revenues by means of general increases in freight rates and charges rather than by selective rate reductions. One significant exception was the unusual proposal of the Chicago and North Western Railway and several barge lines to publish joint rates on export movements of grain from Iowa to Gulf ports to meet competition via all-rail routes.

### *Increased Rates*

Increased rates proposed by carriers reflected the pressure of rising operating costs, due to higher wages and prices of materials, and the desire of the carriers to improve their financial condition. For truckers, a second round of wage increases granted in 1967 became effective April 1, 1968. For the railroads, additional wage increases for most employees over and above those granted in 1967 and early 1968 became effective July 1, 1968. Other modes of transportation also incurred increased wage expenses. All modes generally paid higher prices for their materials and supplies than they had paid in the previous year.

The transportation industry is not immune to the higher level of labor and material costs currently being felt by the business community in general, and the Commission is without power to protect



carriers from such rising costs. The Commission's policy is to determine the extent of the increased costs, the effect on the financial condition of the carriers, and the manner in which the costs can best be met, considering the ratemaking standards and the national transportation policy.

When proposed freight rate increases of the railroads have been permitted to become effective pending further investigation, it has been the Commission's policy to approve the incorporation of a provision in the tariffs obligating the collecting railroad to make a refund to the shipper if no increase is authorized or if a lesser increase is approved after the investigation. This year, for the first time, certain motor carriers incorporated a similar provision in their tariffs. The Commission expects that the experience gained will be helpful in promulgating future ratemaking policies.

A statistical summary of the volume of rate cases handled and their disposition appears on page 124.

*Motor carriers.* During the year nearly all of the major motor carrier rate bureaus published varying levels of rate increases, as high as 10 percent on certain traffic segments, for their member carriers. There was no uniformity in the level of increases proposed, as there was in 1967 when several of the major ratemaking organizations proposed basic increases of 5 percent in l.t.l. and any-quantity rates and 3 percent in truckload and volume rates. Most bureaus, however, proposed higher percentage increases on minimum charges and l.t.l. rates than on truckload rates. In some territories the truckload rates were not subjected to any increase. However, one major rate bureau published an increase of 3.5 percent applicable generally on all traffic.

The 1967 general increases, with few exceptions, were permitted to become effective after informal investigations. Most of the 1968 increases also became effective on the dates proposed by the carriers, but were subject to formal investigations into their reasonableness. A few proposals were suspended in whole or in part.

The Commission suspended increases by members of the Central States Motor Freight Bureau in which they proposed to increase minimum charges and l.t.l. rates on shipments under 1,000 pounds by 10 percent. Other parts of the proposal were permitted to become effective, subject to formal investigation in docket No. 34983, *Increased Motor Rates, Central States Territory*. The suspended increases were subsequently canceled and a 5-percent increase was proposed. The Commission permitted this increase to take effect.

Increases in class and commodity rates on shipments weighing less than 5,000 pounds, proposed by members of the Central and Southern Motor Freight Tariff Association were suspended in I. & S. docket No. M-22323, *Increased Rates and Charges, Central and Southern Territories*. The association filed a petition to vacate the order of sus-

pension and stipulated it would publish a provision in the tariff to provide for refund in the event the increases were ultimately disapproved. The petition was granted.

A 6-percent increase in class rates on shipments weighing from 200 to 1,000 pounds and a revision of minimum charges on small shipments proposed by members of the Eastern Central Motor Carriers Association were suspended and placed under investigation in I. & S. docket No. M-22372, *LTL Increased Class & Commodity Rates and Minimum Charges*. The suspended schedules were voluntarily canceled by the carriers, and a new proposal was made to increase rates and charges on shipments of less than 1,000 pounds by 5 percent and other rates and charges by 3 percent. The Board of Suspension concluded not to suspend this adjustment, and no appeal was filed.

Proposed general increases in rates of members of the Middle Atlantic Conference, the Midwest Motor Freight Bureau, and the Pacific Inland Tariff Bureau were permitted to become effective subject to formal investigations in docket No. 34970, *General Increase, Middle Atlantic and New England Territories*, docket No. 34971, *Increased Rates and Charges from, to, and between Midwest Territories*, and docket No. 34978, *Pacific Inland Territory Rate Increases, 1968*.

A 5-percent increase in l.t.l. and a 3-percent increase in truckload rates between points in the New England States and between points in New England on the one hand and points in the Hudson River Valley and the New York City area, on the other, became effective April 1, 1968, for members of the New England Motor Rate Bureau. Similarly, a general increase in rates of 2 to 5 percent on commodities moving in tank trailers of members of the Eastern Tank Carrier Conference, and a 4.25-percent increase in line-haul rates by members of the Household Goods Carriers' Bureau became effective in December 1967. Their proposals were permitted to take effect without a formal investigation.

*Motor carrier general increase criteria.*—In the last annual report, it was noted that the Commission had developed new criteria for cost evidence in motor carrier general increase proceedings. Orders implementing the policy were issued in docket No. 34816, *Increased Minimum Charges Between Points in Central States*. The new policy will substantially reduce case processing time, allowing the Commission to move quickly to reach the essential question in these proceedings of whether traffic at various weight-break levels is bearing its fair share of carrier costs.

*Rail.*—In *Increased Freight Rates, 1967*, 332 I.C.C. 280, the Commission approved, with slight modifications, rate increases previously permitted to become effective on August 19, 1967. The proposed increases averaged about 3 percent, producing estimated revenues of nearly \$300 million a year.



Shortly after the final approval of these increases, the railroads, in Ex Parte No. 259, Increased Freight Rates, 1968, proposed additional increases in rates ranging generally from 3 to 10 percent, depending upon the commodity, to become effective June 24, 1968. The proposed increases would produce an estimated \$462 million additional revenue a year. After oral argument we suspended the proposal and placed it under investigation. At the same time we authorized the filing of tariffs limited to an across-the-board increase of 3 percent, subject to investigation, and to a refund provision should we disapprove any part of the increase.

*Other modes.*—Water carriers operating in the coastwise and inter-coastal trade increased freight rates in line with railroad increases. Barge lines operating between points on the Mississippi, Missouri, and Ohio Rivers increased rates, subject to the Commission's jurisdiction, from 10 to 20 cents per ton, 5 percent on grain and grain products, and 22 cents per board foot on lumber and forest products. The Commission permitted the increases to become effective, except those on iron or steel scrap which were suspended. The latter increases were voluntarily canceled by the barge lines. Most of the traffic transported by barge lines is not subject to economic regulation.

During the year, Railway Express Agency, Inc., increased its rates by varying amounts ranging up to 36 percent. Increases on shipments of over 20 pounds averaged less than 30 cents per shipment. The overall increase was under 4 percent.

Freight forwarders did not propose any general increases in freight rates during the year.

### *Intermodal and Intramodal Competition*

To meet price competition, through reduced rates, whether proposed by carriers of different modes or the same mode, individual carriers are permitted the greatest latitude consistent with the overriding public interest and an economical and efficient transportation system, as recognized by the national transportation policy. The most leniency is observed where a reduced rate is proposed to attract traffic moving in private carriage, and does not offer a threat to regulated carriers. In pricing disputes between regulated carriers, if it is convincingly shown that a particular rate will exceed the proponent's out-of-pocket cost of performing the service, and is no lower than necessary to meet the competition, it will generally be found just and reasonable. If the dispute is between carriers of different modes, a rate which is shown to exceed the proponent's out-of-pocket cost normally will be approved. If, however, the opponent shows that, on the basis of full costs, its route has the lower cost, the matter arises of protecting the inherent advantage of the more economical service.



Such a situation was presented in the *Ingot Molds* case referred to in our 79th annual report, page 25. The rails established a rate equal to the overall cost to the receiver for the movement of the same traffic by a competing barge-motor route. On the basis of total costs, the latter route was the lower. The rail rate exceeded the rail out-of-pocket cost but was less than the rail fully distributed costs. The barge-truck rate was also below the full cost of that service, although this fact was not realized by those carriers. The Commission rejected the rails' contention that out-of-pocket costs should be the comparative basis for determining where the inherent cost advantage resided, and adhered to its past practice of comparing fully distributed costs. Thus, the Commission concluded that by reducing rates below the level of the barge-truck full costs, the railroads unlawfully impinged upon the ability of the barge-truck carriers competitively to assert their inherent cost advantage because it would compel them to go well below their own fully distributed costs to recapture the traffic from the railroads. Accordingly, the railroads' rate was ordered canceled. The Supreme Court sustained our order. *American Lines v. L&N R. Co.*, 392 U.S. 571 (1968).

In another intermodal case, the rails published reduced transcontinental rates on larger volume shipments of canned goods to meet motor carrier competition to midwestern markets and to assist west coast canners in their competitive bid with mid-western canners for markets in the East and South. Sea-Land Service, Inc., countered with similar competitive rates for intercoastal movements. Both proposals were approved except in instances where Sea-Land's rates to particular destinations did not exceed out-of-pocket costs. The rails were required to establish a rule for the protection of the shipper where the car furnished for loading was, for the convenience of the carrier, smaller than that ordered (*Canned Goods, Between Pacific Coast and East*, 332 I.C.C. 55).

Findings in an earlier proceeding prescribing minimum reasonable rates due to the pressure of intense competition among motor carriers operating in 10 western and southwestern States were modified to exclude certain types of pipe and conduit (*Oilfield Equipment to and between the Southwest*, 106 M.C.C. 298).

We found lawful the payment of an allowance to shippers who performed transportation of cotton by motor vehicle in lieu of requesting line-haul service by the rails. While not, strictly speaking, an intermodal competitive dispute, one of the reasons assigned for making payments to individual shippers for private trucking of baled cotton to all rail compressing points was to meet the competition of unregulated motor carriers for the outbound movements from such points (*Allowances for Trucking Baled Cotton, Ark., Okla., Tex.*, 329 I.C.C. 786).

*Volume Rates*

A proposal by a shipper to compel a railroad to exclusively dedicate a 56-car unit train, capable of hauling 5,000 gross tons of iron ore, to an annual volume movement of 750,000 tons in 150 round trips was disapproved (*The Hanna Mining Co. v. Missouri Pac. R. Co.*, 332 I.C.C. 166). From a time and cost standpoint the proposal was not deemed feasible. In any event the present services and rates of the railroad were found to be just and reasonable.

*Trends in Multiple-Car Shipments and Unit-Train Operations*

Recent growth trends in the handling of multiple-car shipments and unit-train operations by the railroads are expected to continue. Contributing factors included technological advancements in rail operations and equipment, lower rates to shippers, and reductions in the price which the ultimate consumer pays for items which make use of, either directly or indirectly, those commodities capable of large scale movement.

Because small-lot shippers are not normally capable of taking advantage of the reduced rates flowing from large quantity movements, "undue preference" and "unjust discrimination" will remain critical legal issues in proceedings involving multiple-car shipments and unit-train operations.

*Preference, Prejudice, and Discrimination*

We vacated a 30-year-old order which required a uniform rate-break structure on grain and grain products from west to east. When the absolute or mandatory rate-break rule was initially prescribed, the railroads were the only significant carriers of grain. Equality of transportation charges was necessary to assure adequate carrier revenues and protect shippers against unjust discrimination or undue preference and prejudice. Today, trucks and barges are diverting grain traffic from the railroads. A mandatory structure discourages rates based mainly on cost of service or on competitive need. Such a rule, in essence, prevents negotiation of rates to meet the needs of the shipping public (*Rate Structure Investigation, Part 7*, 329 I.C.C. 824).

On complaint of the State of New Mexico we found motor carrier class rates to and from the State which were higher than those on traffic in the Southwest to be unjust and unreasonable and unduly preferential and prejudicial (*State Corp. Comm. of N. Mex. v. Southwestern Motor Frt.*, 329 I.C.C. 803).

Although we have authority to regulate the rates of pipelines, except those carrying water and natural gas, we are seldom called upon to rule upon the lawfulness of such rates. Certain shippers of petroleum and petroleum products filed a complaint alleging that a pipeline com-

pany and its connecting carriers, in reducing line-haul rates from Kansas, failed to establish corresponding reductions from competing origins to the same midwestern destinations. The complainant alleged that both the line haul and terminal rates were unreasonable, that the line-haul reductions created an unduly preferential and prejudicial situation, and that terminal charges were unduly discriminatory between consignees (Docket No. 34914, *APCO Oil Corporation, et al. v. Williams Brothers Pipe Line Company, et al.*).

### *Household Goods*<sup>11</sup>

Few happenings in family life have greater emotional impact than moving to a new location, when old ties are torn and life must begin anew in strange surroundings. The household effects of families are not freight in the common sense of the word, but items of personal attachment with a value that often cannot be measured by size or weight. It is estimated that 20 percent of the nation's families move each year. It is not surprising then that household goods movements represent one of the greatest sources of transportation complaints made to the Commission, the Congress, and the Special Assistant to the President for Consumer Affairs.

In an effort to protect the welfare of the consumer, the Commission issued new rules in Ex Parte No. MC-19, which became effective on January 1, 1967. These rules were designed to correct such abuses as deliberate underestimating, delays in promised performance, false weight reports, and failures to dispose of loss and damage claims promptly.

After a period of 6 months in which the household goods carrier industry was expected to adapt their operations to the new rules, the Commission undertook a nationwide compliance program to determine the degree of carrier conformity with the rules. Where minor or inadvertent violations of the rules were discovered, the carrier was urged to adopt such changes as would insure compliance. If the violations appeared to be flagrant and serious, more extensive investigations were conducted with a view to formal enforcement remedies. Several such actions have been instituted under the criminal provisions of the Interstate Commerce Act. In addition, claims have been made against several carriers under the Federal Claims Collection Act of 1966. Such claims if not voluntarily settled will bring about the filing of civil forfeiture proceedings in the Federal courts. Formal administrative proceedings before the Commission also have been started, looking to the possible suspension or revocation of carrier operating rights because of continued violation of these regulations.

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<sup>11</sup> See also p. 44.



We modified the rules applicable to household goods carriers to allow them up to 15 days to tender freight bills to credit customers. Violations had occurred under the prior authorized collection time (up to 7 days), mainly because shipping papers cannot be prepared in advance, seasonal fluctuation causes a backlog in billing, and third party accessorial charges must be incorporated in the customer's bill (*Payment of Rates and Charges of Motor Carriers; Credit Regulations—Household Goods*, 105 M.C.C. 460).

We found unlawful the household goods rates maintained by motor common carriers on import-export traffic that applied on the hundred-weight distance basis without the assessment of separate charges for the performance of accessorial services, as required by our rules. However, since international transportation of container shipments was not in vogue when the applicable rules were prescribed, entry of an order was withheld pending determination of whether the particular type of shipments involved should be exempted from the applicable rule (*United Van Lines, Inc. v. Calif. Household Goods*, 329 I.C.C. 742).

#### *Section 5a—Rate Bureaus*

We prescribed a rule to insure more public notice of rate proposals by rate bureaus. Under the rule, such bureaus and similar organizations are now required to give public notice not only of proposals by them but also of proposals which they publish for individual members as independent action (*Notice of Independent Action*, 332 I.C.C. 22).

#### *Costs in Ratemaking*

In a proceeding involving fair distribution of revenues from joint rates between carriers operating in official and southern territories, we prescribed divisions based upon territorial average costs. On appeal, the district court set aside our order because we did not develop the actual cost of handling such traffic. The decision was appealed and the United States Supreme Court has noted jurisdiction (*Baltimore & Ohio Railroad Co. et al. v. Aberdeen & Rockfish Railroad Co. et al.*, 390 U.S. 940).

Following adverse court action on a Commission report involving different criteria employed in judging the compensativeness of rates of a motor common carrier, where owner-operators are employed, we instituted a proceeding to determine what criteria should be used. Subsequently, an examiner recommended establishment of certain criteria (Ex Parte No. MC-71, *Criteria to be Used in Determining Compensatory Nature of Motor Carrier Rates in Proceedings Involving Owner-Operators*).

Division 2 approved as compensatory, judged by regional average costs, reduced motor carrier rates where owner-operators were employed by the regulated carrier. The division found that nothing in the record indicated that the costs of the respondent were higher than the average of other motor carriers in the region. The matter is pending before the Commission on petition for reconsideration (*Window Glass, Charleston and Owens, W. Va., to Md., Pa., and Va.*, 332 I.C.C. 382).

#### ***Cost Study of Double-Bottom Operations***

With the increased use of double-bottom vehicles, an operation in which a tractor pulls two highway trailers, there is a need for cost information on this practice. The Bureau of Accounts is developing a double-bottom study in the form of a historical analysis of selected data from records underlying the carriers' annual reports to the Commission. Covering a 6-month period, the study will be conducted on a voluntary basis. The results will enable the Bureau to adjust average costs to reflect double-bottom operations so that the Commission and other persons may have some basis of testing the compensativeness of protested rates in this area.

#### ***Transportation Cost Seminars***

Cost seminars are held annually in cities where the Bureau of Accounts conducts its regional motor carrier cost studies. These seminars aid in explaining cost-finding methods and probability sampling techniques to carriers participating in the studies. While the seminars are primarily directed to the motor carrier industry, the interest in these subjects by others who are aware of the importance of costs as a rate factor is apparent from the attendance of representatives from all transportation modes, shippers, rate bureaus, and state public utilities.

During the year seminars were held in Boston, Mass., Akron, Ohio, and Chicago, Ill. Similar presentations are scheduled for southwestern, Rocky Mountain and Pacific territories.

#### ***Parcel Post Rates***

The Postmaster General filed a request for a 10.5-percent increase in rates on parcel post and catalogues in Docket No. 35015, *Increased Fourth-Class Rates, 1968*. Examination of the supporting data and the protests filed in opposition indicated no good reason for a formal investigation. We therefore decided not to consider the matter further and, under the recently amended laws, the proposed increase thereby became effective. The revenue increase was estimated at \$86 million.

#### ***Through Rates and Joint Rates***

The Supreme Court affirmed a lower court's action in upholding an order requiring Greyhound Lines, Inc., to cancel a proposed tariff

revision eliminating a provision under which Greyhound and another carrier have mutually honored tickets for service between certain points. In effect, Greyhound was obligated to maintain the voluntarily instituted optional honoring provision in its tariff absent a showing that the proposed elimination would be just and reasonable (*Greyhound Lines, Inc. v. United States, et al.*, 389 U.S. 216).

#### Fourth Section Board

The Fourth Section Board received 310 applications for relief from the long- and short-haul and aggregate-of-intermediate-rates provisions of section 4 of the act.

	Number	Petitions for modifications of orders
Applications—		
On hand beginning of year.....	33	0
Received during year.....	310	8
Total.....	343	8
Disposed of during year:		
Granted.....	291	5
Denied.....	5	2
Withdrawn.....	1	0
Dismissed.....	1	0
Returned to applicant.....	4	0
Total.....	302	7
Pending at end of year.....	41	1
Petitions for reconsideration of Board's action.....		8
Applications protested against granting of relief.....		3
Relief withheld pending hearings in applications.....		2

#### Piggyback and Containerization

The rate of growth of piggyback service (trailer-on-flatcar—TOFC) in 1967 fell short of the expansion in immediately preceding years. The Association of American Railroads reported 1,207,000 cars in piggyback traffic in 1967, an increase of 3.8 percent in contrast with 12.4 percent for the previous year. Class I railroads reporting to the Commission under the order in Docket No. 34364, *Piggyback Traffic Statistics*, showed 1,726,000 trailer and container terminations for 1967, an increase of 2 percent. Terminations by class I motor carriers of 288,300 units represented a decline of 17 percent, contrasted with an increase in the previous year; declines for 1967 in movements in connection with rail and water carriers were 16 and 18 percent, respectively. Class A water carriers, with diversion of equipment to other services, showed a decline of 27 percent to 58,500 units. Freight forwarders showed a relatively large increase of 15 percent to 232,000 units in piggyback, although the 1965-66 increase had been 23 percent.

As reported by the railroads, there were marked shifts of traffic among the several plans. Plan I units declined 18 percent from



1966 to 1967, and from 20 to 16 percent in the share of total rail piggyback units. Plan III registered a decline from 28 to 26 percent of the total rail units, while plans II and II½ together increased from 42 to 47 percent of the total.

In August 1967, "open tariff" piggyback became available to motor carriers under the Commission's decision in *Substituted Service—Piggyback*, 322 I.C.C. 301 (1964), as upheld by the Supreme Court in *American Trucking Assns., Inc. v. Atchison, T. & S.F. Ry. Co.*, 387 U.S. 397 (1967). This change appears to be reflected in a 1967 increase of 32 percent to 7,800 units under "other arrangements" reported by motor carriers, which would include plans II, III, and IV to the extent used.

For the fourth quarter of 1967, the 2,500 units shown under "other arrangements" represented an increase of almost 50 percent over the same quarter of 1966, and the upward trend appeared to be more marked for the first quarter of 1968.

The transportation industry is making progress in the facilitation of intermodal movement of both trailers and containers. The Equipment Interchange Association now grants full membership to rail and water as well as to motor carriers. The EIA has codes for designating carriers and types of equipment and has developed rules to govern interchange.

Coordination between motor and either rail or water carriers, where needed in the public interest, could be prescribed by the Commission under the terms of S. 751, introduced at the Commission's request in 1967.

The Department of Transportation prepared the proposed Trade Simplification Act of 1968, S. 3235. The bill would provide, among other things, authority for through routes and joint rates and a single bill of lading for movements between points in the United States and points in other countries. These through-traffic arrangements and other features of the bill would facilitate international traffic containers.

The so-called land-bridge movement of containers across the United States is attracting increasing interest. Railroads in this country would supply transcontinental overland transportation of containers from the Orient destined to Europe, or in the reverse direction. The service would save an estimated 15 days over the Panama Canal route. Railroads in the United States have shown some apprehension over the possibility that the structure of existing domestic rates might be endangered by low land-bridge rates. One group of railroads has made an offer for transcontinental round trip operations of unit trains to furnish the land-bridge service, and another to move containers in lots of as few as one to 10 carloads, in existing high-speed freight schedules.

*Suspensions*

A total of 4,442 rate adjustments involving changes in tariffs of rail, motor, water, freight forwarder, pipeline, and express carriers were considered by the Suspension Board (see table below). Of the total, 1,364 reflected increases, 2,541 reductions, 474 both increases and reductions, and 63 neither increases nor reductions. These adjustments involved 7,524 tariff publications. Protests totaled 4,949, of which 77 were from State or Federal Government agencies and 2,753 from shippers and receivers. The remaining 2,119 were from competing carriers. Statements from shippers and others intervening in support of the proposals totaled 1,374. Petitions to vacate, investigate, or discontinue totaled 164. In 261 instances, appeals were filed for reconsideration of the Suspension Board's conclusion not to suspend. A total of 450 investigation and suspension proceedings were discontinued upon cancellation of the schedules under special permission authority and advice that the carriers would not attempt to justify the suspended matter.

*Action taken on protested rate adjustments*

	Rail	Motor	Water	Freight for- warder	Express pipeline	Number	Percent
Suspended in full.....	100	1,500	7	36	1	1,644	37.1
Suspended in part.....	10	63	0	0	0	73	1.6
Not suspended (permitted to become effective).....	263	1,439	79	42	49	1,872	42.1
Otherwise disposed of (schedules rejected, protest withdrawn, protested schedules canceled by carriers).....	28	788	11	24	2	853	19.2
Total.....	401	3,790	97	102	52	4,442	100.0

*Informal Rate Cases and Related Work*

Informal complaints filed under parts I, II, III, and IV of the act (other than complaints related to rates handled by the field staff of the Bureau of Operations) numbered 2,387, an increase of 139 from the previous year. Such complaints generally were handled by the Section of Rates and Informal Cases, Bureau of Traffic. During the fiscal year, the number disposed of was 2,395, eight more than were received during the year. In many of the complaints, refunds of overcharges were obtained, as well as adjustments in charges for misrouting of shipments by carriers. Informal handling with the carriers also resulted in many adjustments of claims for damage to freight.

Four hundred and eight special docket applications requested authority to refund freight charges alleged to be unreasonable. Refunds were authorized in 321 cases. Reparations awarded totaled \$1,148,686. The largest single award was \$115,918, covering 67 carloads of copper

cathodes released from Government stockpiles during a national emergency before sought rates could be established.

In cases of dispute, interested parties were given assistance in tariff interpretation and in adjusting rate and other transportation difficulties. Problems of complainants, defendants, and other affected parties were handled, where possible, through informal conferences with the Commission staff. This saved time, effort, and expense for the parties and the Government.

### PASSENGERS <sup>12</sup>

As shown in the following table, total intercity passenger-miles in 1967 exceeded 1 trillion for the first time. The record high of 1,021 billion, up 5.1 percent above the 1966 figure of 971 billion, was attributable largely to increases in private automobile and air travel. Total rail passenger-miles declined over 11 percent in 1967, with noncommutation traffic showing the sharpest percentage decline in the past 20 years. A growth of 1.3 percent in bus passenger-miles resulted from an increase in charter and special service, which more than offset a small decline in regular-route scheduled service.

The water carrier change was not significant. In 1967 only one overnight common carrier for-hire passenger vessel operated on the Great Lakes and one on the Mississippi River. The Great Lakes line has since

*Intercity passenger-miles, public and private, by kinds of transportation, 1966 and 1967 <sup>1</sup>*

Agency	1966	1967	Percent change	Percent of grand total	
				1966	1967
	<i>Millions</i>	<i>Millions</i>			
1. Railroads and electric railways.....	17,268	15,344	-11.14	1.78	1.50
2. Motor vehicles: <sup>2</sup>					
Motor carriers of passengers.....	24,592	24,906	+1.28	2.53	2.44
Private automobiles.....	856,358	889,800	+3.90	88.19	87.18
Total motor vehicle.....	880,950	914,706	+3.83	90.72	89.62
3. Inland waterways, including Great Lakes.....	3,447	3,356	-2.64	0.35	0.33
4. Airways (domestic revenue, pleasure and business flying).....	69,356	87,241	+25.79	7.14	8.55
Grand total.....	971,021	1,020,647	+5.11	100.00	100.00

<sup>1</sup> Some revisions have been made in data presented in the 81st Annual Report, and parts of the 1966 and 1967 data are still preliminary. Alaska and Hawaii are included.

<sup>2</sup> Schoolbus data are excluded.

Sources (paragraphs below are numbered to correspond with items in table):

1. Reports to the Interstate Commerce Commission. Electric railway passenger-miles are estimated on the basis of revenues and tariffs.

2. Passenger-miles in private automobiles based on data from the Bureau of Public Roads on rural and intercity travel and average loads. Motor carrier passenger-miles based on Census of Transportation, Public Roads and Interstate Commerce Commission data. Bus data for 1966 and 1967 and automobile data for 1967 should be regarded as preliminary. For revised estimates 1959-66, see November-December 1967 *Transport Economics*.

3. Based on Interstate Commerce Commission, Coast Guard and other data.

4. Based on Civil Aeronautics Board statistics, Federal Aviation Agency surveys, and other data. Covers domestic traffic, excluding movements over international waters and foreign countries. These figures include Alaska and Hawaii; they are not comparable with data in Annual Reports prior to the 75th.

<sup>12</sup> See also "Railroad Passenger Service," p. 5.



turned in its ICC authorization. The 1967 gain of approximately 17 billion in domestic revenue air passenger-miles alone was greater than the total rail passenger-miles during the year. The 3.9-percent 1967 gain of over 30 billion in automobile intercity passenger-miles exceeded the air gain by over 80 percent.

In shares of total traffic, only the airways showed a gain; the decreases for the other modes were small.

The chart on page 141, Intercity Passenger-Miles, 1949-67, shows the almost continuous increase in grant total air and private automobile passenger-miles, the almost equally continuous decrease in rail, and the relatively small changes in bus and water passenger-miles.

### *Fares*

In support of the President's program to increase the number of foreign travelers in the United States, and, thus, help the balance-of-payments problem, major bus operators established on May 1, 1968, special-party-fare tickets for sale to groups of 38 adult international passengers, who traveled together on one group ticket between points within this country, at 35 times the applicable one-way or round-trip adult fare, when the adult fare was \$15 or more. Effective the same date, tariff provisions were also published permitting charter coach movements for travel within the United States on the basis of 90 percent of the particular bus carrier's effective charter coach charges. Arrangments must be made for these tickets in foreign countries.

Travel costs of foreign visitors to the United States were increased, however, on December 31, 1967, when the "99 days for 99 dollars" unlimited bus travel ticket, available to them in the international special-tour bus tariff, had its time limitation lowered to 1 month. Fares for 2, 3, and 4 months were set at \$132, \$165, and \$198.

### *Service*<sup>13</sup>

The motor bus industry generated some 24.9 billion revenue intercity passenger-miles in 1967, according to latest estimates. Approximately 20.7 percent of the total intercity passenger-miles estimated for all regulated for-hire carriers was provided by motor bus companies. Commercial airlines conducted the largest intercity passenger operations in 1967, providing 80.2 billion revenue passenger-miles, or 64.8 percent of the total generated by all regulated for-hire carriers.

Total operating revenues of class I motor carriers of passengers increased 4.9 percent in 1967 over 1966, rising to \$858.7 million. Estimates placed express revenues of class I motor carriers of passengers at \$71.0 million, up 9.5 percent from the previous year.

<sup>13</sup> See also "Railroad Passenger Service," p. 5.

The general level of motor bus operations was relatively unchanged in 1967 compared to the preceding year, as shown in the following table.

*Passenger operations of class I motor carriers of passengers, 1967 and 1966*<sup>1</sup>

	Year		Percent change
	1967	1966	
Total:	<i>Millions</i>	<i>Millions</i>	
Revenue passengers.....	689.1	697.4	-1.2
Passenger revenues.....	\$757.9	\$733.5	+3.3
Bus-miles operated.....	1,232.8	1,226.0	+0.6
Intercity schedules:			
Revenue passengers.....	185.2	189.2	-2.1
Passenger revenues.....	\$493.5	\$490.8	+0.5
Bus-miles operated.....	865.3	875.1	-1.1
Local and suburban schedules:			
Revenue passengers.....	433.7	438.9	-1.2
Passenger revenues.....	\$137.7	\$131.1	+5.0
Bus-miles operated.....	182.2	182.1	(2)
Charter or special service:			
Revenue passengers.....	70.2	69.3	+1.4
Passenger revenues.....	\$126.7	\$111.6	+13.5
Bus-miles operated.....	185.3	168.8	+9.8

<sup>1</sup> Compiled from 251 quarterly reports representing 252 motor carriers of passengers. Does not include operating reports of 21 carriers that failed to furnish complete data; in 1967 the operating revenues of the 21 carriers amounted to \$8,700,663, or 1.0 percent of the total operating revenues of 252 reporting carriers. Prior to 1967, none of the 21 qualified as class I carriers. Data in app. G are from annual reports of carriers.

<sup>2</sup> Less than 0.05 percent.

Source: Bureau of Accounts, Annual Statement Q-750.

Charter and special revenues continued to grow in 1967 as during the past several years, rising 13.5 percent above the 1966 levels. Charter bus-miles also rose above the total for the previous year, increasing 9.8 percent. The only 1967 increase in number of bus revenue passengers was in charter and special service operations, which rose 1.4 percent to 70.2 million.

The following table shows the changing relative importance over the past 10 years of the major operating segments of class I motor carriers of passengers.

*Percent of total passenger operations—class I motor carriers of passengers, 1958 and 1967*

Type of service	Number of revenue passengers	Passenger revenue	Bus-miles operated
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Intercity schedules:			
1958.....	25.2	70.0	74.5
1967.....	26.9	65.1	70.2
Local and suburban:			
1958.....	70.1	20.4	17.4
1967.....	62.9	18.2	14.8
Charter and special:			
1958.....	4.7	9.6	8.1
1967.....	10.2	16.7	15.0

The growing relative importance of all aspects of charter bus and special service operations to total class I motor carriers of passenger operations is clearly shown in the table. For the first year since motor

carriers of passengers began reporting to the Commission, they operated more bus-miles in performing charter and special services than in providing local and suburban services.

As shown in the concluding table in this section, passenger revenues from all major segments of class I motor bus operations increased between 1958 and 1967, as did the number of revenue bus-miles operated. The greatest relative increase was recorded in passenger revenues from charter and special services, which rose 171.3 percent in the 10-year period. The greatest absolute increase in passenger revenues was the \$152.8 million by which 1967 intercity passenger revenues exceeded similar receipts in 1958.

Total class I motor bus revenue passengers dropped nearly 10 percent in the 1958-67 period, despite the increase of 94.5 percent in charter and special service passengers. The number of intercity passengers remained relatively constant during the past 10 years, but there was a loss of 101.08 million revenue passengers, or 19.0 percent, in class I local and suburban passengers between 1958 and 1967. This decrease was experienced despite an increase of 3.7 percent in the number of local and suburban bus-miles operated since 1958.

Revenue bus-miles operated during 1967 in charter and special services exceeded the 1958 figure by 103 million, an increase of 125.2 percent. The number of bus-miles operated annually in intercity schedules increased 111.5 million during the 10-year period, or 14.8 percent. Overall, class I motor carriers of passengers operated 21.8 percent more revenue bus-miles in 1967 than they did in 1958.

*Passenger operations, class I motor carriers of passengers, 1958 and 1967*

Type of service	Number of revenue passengers	Passenger revenues	Bus-miles operated
Total reported operations:			
1958.....millions..	763.9	\$486.8	1,011.8
1967.....do.....	689.1	\$757.9	1,232.8
Change.....percent..	-9.8	+55.7	+21.8
Intercity schedules:			
1958.....millions..	192.3	\$340.7	753.8
1967.....do.....	185.2	\$493.5	865.3
Change.....percent..	-3.7	+44.8	+14.8
Local and suburban schedules:			
1958.....millions..	535.5	\$99.4	175.7
1967.....do.....	433.7	\$137.7	182.2
Change.....percent..	-19.0	+38.5	+3.7
Charter or special services:			
1958.....millions..	36.1	\$46.7	82.3
1967.....do.....	70.2	\$126.7	185.3
Change.....percent..	+94.5	+171.3	+125.2

Source: Annual Statements Q-750, 1958 and 1967, Bureau of Accounts.

### TARIFFS

During the year, 237,477 publications containing newly established or changed freight, express, pipeline or freight forwarder rates, passenger fares, or contract carrier rate schedules were filed with the Commission.



Of these tariffs and rate schedules, 4,209 were rejected by the Bureau of Traffic for failure to give the notice required by the statute or for nonconformity with the Commission's regulations, and 20,839 were criticized, but were accepted for filing.

*Tariffs and schedules, fiscal year 1968*

	Received	Criticized	Rejected
<b>Freight:</b>			
Common carrier, tariffs:			
Rail.....	75,128	3,122	217
Motor.....	132,483	13,355	3,425
Water.....	3,921	132	17
Pipeline.....	504	52	6
Freight forwarder.....	8,154	399	51
Total.....	220,190	17,060	3,716
Contract carrier, schedules:			
Motor.....	3,695	1,086	325
Water.....	18	1	0
Total.....	3,713	1,087	325
Total freight.....	223,903	18,147	4,041
<b>Passenger, tariffs:</b>			
Common carrier:			
Rail.....	5,462	671	6
Motor.....	7,758	1,941	162
Water.....	9	0	0
Total.....	13,229	2,612	168
Contract carrier: Motor.....	25	0	0
<b>Express, tariffs:</b>			
Rail.....	211	34	0
Motor.....	109	46	0
Total.....	320	80	0
Total passenger and express.....	13,574	2,692	168
Grand total.....	237,477	20,839	4,209

Also filed were 45,867 quotations or tenders submitted under section 22 of the act for transportation of property or persons at reduced rates for the U.S. Government.

Applications requesting permission to change rates or other tariff provisions on less-than-statutory notice, or to depart from the tariff-publishing rules, numbered 6,759. With the 242 pending on July 1, 1967, the total was 7,001 applications, of which 6,040 were approved and 609 were denied, leaving 156 pending on July 1, 1968. A total of 3,358 copies of contracts between motor contract carriers and shippers were filed, while 33,104 contracts or amendments to existing contracts between freight forwarders and motor common carriers were filed pursuant to section 409 of the act.

The filing of appropriate rate tariffs or schedules by motor carriers was checked preliminary to the issuance of 5,861 new or amended permanent operating certificates and permits, and in connection with 1,743 transfers of operating rights. Similar checks were made in connection with the granting of 6,348 applications for temporary operating authority.

## OPERATING RIGHTS AND FACILITIES

- Tentative procedures developed for motor carrier use of new Interstate Highway System.
- Commercial zones of various cities redefined; examination initiated of zones of municipalities along Mexican border.
- New application form and filing requirements helped to refine processing of operating authority cases.
- New policy utilized to require carrier submission of performance report.
- Truckload lot restrictions imposed in earlier motor carrier certificates removed by Commission order.
- Carrier unifications continued at active pace, with growing participation in diversification moves.

### OPERATING RIGHTS

The economic regulation of surface transportation is encountering a growing number of complex problems. As efforts are made to solve them, old concepts of service are being reexamined in the light of technological improvements and constantly changing customer requirements. Entry rights are being sought to improve service of the individual mode, as well as to facilitate intermodal interchange. There is new, though not widespread, discussion of common ownership of the several modes and some actual developments in this area. But, as we see the immediate future, the great majority of those in the industry will continue to search for a transportation synergism, that ideal combination of modes.

A number of important operating rights actions were taken during the year. We issued our report in the interstate highways case and made tentative proposals concerning procedures for both property and passenger carriers. Steps were taken in both the regular and express carrier fields to improve service in the transportation of small shipments. We made a number of interpretations and significant rulings concerning operations in the heavy hauler, motor contract carrier, shipper association, single-State carrier, and private carrier fields. We considered again the framing of certificates and the procedures for obtaining them. We redefined the commercial zones of several cities and instituted a proceeding looking to a determination concerning municipalities along the Mexico-United States boundary.

*Procedure and Practice*

One of the principal innovations in our recent procedural changes was a new application form and new filing requirements for motor carrier authority, OP-OR-9 (49 C.F.R. 1003.1). An important requirement specifies that applicants who intend to rely upon evidence of public witnesses must submit certifications signed by prospective witnesses indicating their willingness to support the application. In *Schaeffer and Schaeffer Ext.—New York City*, 106 M.C.C. 100, consistent with that requirement, it was concluded that similar certifications should be furnished with respect to public witnesses, not known at time of filing of the application, but who were subsequently discovered and who desired to appear and testify. Such additional certifications must include the date on which the witness made his support known to applicant, and must be served upon all parties of record. The rule in the *Schaeffer* case has several purposes, including the speedy conduct of a hearing and the elimination of the element of surprise.

Another recent innovation was a revision of the Special Rule of Practice 247 (49 C.F.R. 1100.247) governing the processing of motor and broker application cases. However, in *Legion Warehouse Corp. Contract Carrier Application*, 105 M.C.C. 111 and 107 M.C.C. 419, it was found that the special rule was not sufficiently specific to preclude a practice developed by protestants in which they brought other interested persons (not parties to the proceeding) into the hearing to present evidence in opposition. To obtain more orderly, expeditious, and economical disposition of these proceedings and to eliminate or minimize surprise and often useless confrontations, we concurrently modified the special rule to eliminate this objectionable practice by adding a subsection to Special Rule 247 [49 C.F.R. 1100.247(d)(8)].

*Interstate Highways*

In an interim report, *Motor Service on Interstate Highways—Passengers*, 107 M.C.C. 95, decided April 12, 1968, we reached certain tentative conclusions as to the utilization of superhighways (including those highways making up the National System of Interstate and Defense Highways) on a permanent basis by certificated regular-route motor carriers of passengers and property. Many of the existing carriers now generally use these highways as uncertificated alternate routes pursuant to the Commission's Deviation Rules Revised, 1957. An examiner had recommended that specific authority to conduct operations over the new superhighway system be granted by means of a case-by-case approach. The provisional judgments in the interim report were made upon investigation of the parties' proposals and the examiner's recommendations.



Noting the substantial differences between the operations of regular-route passenger and property carriers, we expressed the tentative belief that the use of superhighways by these carriers should be under separate sets of rules in order that the distinctions in service and the exigencies of each, as well as the public interest, may be fully considered and preserved. Because a case-by-case processing of thousands of regular-route property carrier applications would present an insuperable strain on our limited personnel and budgetary resources, a general rule of construction was considered to be the best alternative. The rule is predicated upon a "corridor" concept, and represents an attempt to preserve existing competitive relationships to the fullest extent possible, consistent with the public interest and the national transportation policy.

The proposed rule would allow regular-route carriers of property to operate over superhighways between points served on their authorized service routes as an incident to their present authority, provided that (a) the superhighway route is wholly within 25 airline miles of the existing service route, or (b) the distance over the superhighway route is not less than 85 percent of the distance between such points over the existing service route. For those property carriers authorized to serve intermediate points on their underlying service routes, operations pursuant to (a) above would entail the ability to serve intermediate points on the superhighway routes.

In light of the more intense competition among regular-route passenger carriers and in anticipation of far fewer applications, we proposed a simplified case-by-case procedure for such carriers. With this approach, regular-route carriers of passengers might file for and acquire certificated authority to operate over superhighways between points served on their existing service routes, including authority to serve intermediate points on said superhighway routes, upon a showing that use of the superhighway routes would not materially change the competitive situation between such carriers and any other.

The proposed superhighway regulations contain certain provisions looking towards the maintenance of adequate service at points on the existing service routes to which the superhighway routes are appurtenant. Additionally, with respect to the property carriers, there are certain safeguards directed against the conduct of operations which result in destructive competition. Also proposed is a thorough reorganization of the Commission's Deviation Rules Revised, 1957. Included would be a provision, in lieu of the present alternate-route provisions, under which regular-route passenger and property carriers might file for and obtain permission to operate without certificates. This would be over any highways as alternate routes between points served on their authorized service routes, provided that the use

of such alternate routes would not materially change the competitive situation between such carriers and any other.

All parties and other interested persons have been invited to file further statements of facts, views, and arguments respecting our tentative conclusions.

### *Intermodal*

The applicant in *Direct Air Freight Corp. Com. Car. Application*, 106 M.C.C. 785, a domestic and international air freight forwarder, sought motor common carrier authority to transport general commodities, with exceptions, between an airport, and three specified points, "restricted to traffic having an immediately prior or subsequent movement by air." Division 1, in granting the application, concluded that "the provisions of the \* \* \* act neither prohibit certification of an air carrier as a motor common carrier nor do they impose a special burden of proof on an air carrier entering \* \* \* the motor carrier field." The division also concluded that the dual authority is not contrary to the public interest and the national transportation policy, and that "the granting of a motor carrier certificate to an air forwarder, restricted to traffic having an immediately prior or subsequent movement by air is a step toward achieving intermodal coordination, and, possibly, a step toward alleviating the small-shipments problem".

Commission regulations respecting the incidental-to-air exemption embodied in section 203(b) (7a) of the act provide that motor transportation of property is incidental to transportation by aircraft and therefore exempt from the Commission's economic regulation if, *inter alia*, it is confined to the transportation of shipments received from or delivered to a direct air carrier or airfreight forwarder as part of a continuous movement performed on a through bill of lading covering both the line-haul movement by air and the collection, delivery, or transfer service performed by the motor carrier within the air carrier's or airfreight forwarder's terminal area. In *Commodity Haulage Corp. Common Carrier Application*, 106 M.C.C. 135, division 1 found applicant's service to be nonexempt (1) because it was performed (a) on behalf of shippers and consignees, not air carriers, and (b) pursuant to arrangements between applicant and shippers, not between applicant and air carrier; and (2) because (a) the shipments handled by applicant did not move on an air bill of lading, inasmuch as applicant's charges were itemized separately from those of the airlines and collected from the air carrier, and (b) such shipments did not move on an air bill covering applicant's collection service, inasmuch as the bill of lading was executed only when the air carrier received physical custody of the shipment.



In deciding affirmatively the issue of public need, the division found that the unique characteristics of air cargo transportation and the essential idea of related trucking suggested a need for motor carriers specializing in air-truck traffic, and it predicated the grant of authority on applicant's pioneer efforts in air-truck operations, on the rapid population growth of the involved area, and on the overall increase in air-truck operations.

In No. MC-31600 (Sub-No. 587), *P. B. Mutrie Motor Transportation, Inc., Extension—Ex Rail, et al.*, the Commission heard oral argument in 14 proceedings involving a proposal to establish inter-modal rail-motor transportation of bulk commodities. The review boards' two reports in these proceedings granted certain of the applications, including several not supported by the involved rail carrier, the Penn Central Railroad. The railroad asserted its claimed right to deny access to its bulk distribution terminals to all but rail-selected motor carriers, and argued this point at the oral argument. The proceedings are pending.

In No. FF-96 (Sub. No. 2), *New England Forwarding Company, Inc., Export-Import*, division 1 authorized freight forwarder operations for the transportation of general commodities between points in 37 States and all airports in those States and all seaports on the Atlantic and Gulf coasts. The service would be restricted to transportation of import and export shipments having an immediately prior or subsequent movement in foreign commerce. The proposal contemplated primarily the transportation of containerized cargo by land-water and land-air in coordinated export-import forwarding services, and it was found to differ materially from the combined domestic-export services presently provided. The case was designated as one involving issues of general transportation importance.

### *Performance Report*

One aspect of the small shipment <sup>14</sup> problem is highlighted in the increasingly common situation where shippers who have satisfactory service to some points, in order to obtain service on all their small-shipment traffic, support an application for an entirely new operation which covers not only the areas that lack service but those that are served satisfactorily as well. For example, grants of authority containing so-called peddle-service restrictions intended to protect carriers that can perform part of the service, have generally been considered to be administratively undesirable and have not normally been imposed. However, because of the increasing magnitude of this type of problem, in *Bilyeu Refrigerated Transp. Corp. Ext.—Missouri*

<sup>14</sup> See also page 15.



*Origins*, 106 M.C.C. 692, it was found necessary not only for this Commission to try to satisfy the need for additional service by a grant of unrestricted authority, but also to obtain information as to what type of service is actually provided when unrestricted authority is granted, so that re-evaluation of policy might be made in the light of current data.

The applicant was required to submit an annual performance report for a period of 3 years showing its actual performance pertaining to multiple deliveries under the certificate to be issued. The right to impose future limitations that might later be found desirable was reserved.

The same requirements subsequently were imposed on a number of other successful applicants in somewhat different fact situations, including general commodity, regular-route application proceedings.

#### ***Truckload Lot Restrictions***

As noted in prior annual reports, a proceeding was instituted by this Commission in Ex Parte No. MC-68 to determine whether a need existed for removal of truckload lot restrictions from certificates of public convenience and necessity issued pursuant to section 206 or 207 of the act.

In *Removal of Truckload Lot Restrictions*, 106 M.C.C. 455, we found that our powers under section 208 of the act were broad enough to enable a determination, on a rulemaking basis, of the issues. The removal of truckload lot restrictions was found to be required by the public convenience and necessity.

Our report noted that truckload lot restrictions were imposed in motor carrier certificates only during the first several years of motor carrier regulation. The restrictions were found by experience to be difficult, if not impossible, of either enforcement or construction, and to hamper seriously both the ability of such a restricted carrier to serve the public and the ability of a shipper efficiently to utilize the carrier's services. Removal of the restriction, which prevented full utilization of present-day transportation modes, was found to be required by the present and future public convenience and necessity considered on a national scale. Rather than reissuing each certificate, a new interpretation was published at 49 C.F.R. 1041, indicating that the restrictions were of no further force and effect. A judicial appeal is now pending.

#### ***General Restrictions***

The framing of proper restrictions and commodity descriptions represents a difficult and highly controversial regulatory task which has proved troublesome and sometimes expensive for the transportation industry, the shipping public, and the Commission. Not only must the public interest and conflicting interests of the parties in each proceed-

ing be properly weighed, but the solution must be realistic, workable and conform to applicable statutory standards. Notwithstanding this Commission's past efforts to enunciate meaningful policies in individual proceedings with respect to this broad problem area, improper restrictions and commodity descriptions are continually being proposed.

As a consequence, this Commission in *Fox-Smythe Transp. Co. Extension—Oklahoma*, 106 M.C.C. 1, set forth guidelines for the industry in an effort to eliminate some of the existing confusion. The report discussed the recent procedural innovations approved by us; a general policy statement concerning motor carrier licensing procedures; the powers of the Commission in this area; the different types of restrictions and the policy respecting them; the policy in framing commodity descriptions; the problem of undue fragmentation of authority; and made suggestions for drafting applications.

Attached to the report was an appendix<sup>15</sup> containing representative proposed limitations and descriptions together with the Commission's position on them. The most common types of proposed restrictions were categorized and classified to assure easy reference.

#### *Commercial Zone Exemption*

In *G. Arrendondo Transfer Co., Inc.,—Petition*, 106 M.C.C. 557, we considered the transportation activities of local American and Mexican motor operators between Laredo, Tex., and Nuevo Laredo, Mexico. The major question was whether the operations were exempt from economic regulation pursuant to the local cartage exemption in section 203(b)(8) of the act. Subsidiary considerations were whether Laredo and Nuevo Laredo were contiguous municipalities within the meaning of section 203(b)(8), whether customs brokers operating at Laredo function as common carriers engaged in transportation under common law, and whether there existed a concrete practical working arrangement between the considered local carriers and the Mexican line-haul carriers which would void the exemption. We noted that to be contiguous within the meaning of the statute, the municipalities of Laredo and Nuevo Laredo must at some place have a common border and there must be direct communication between them by motor vehicle. Possibly critical to this consideration was the apparent existence of a strip of land extending along the south bank of the Rio Grande River that is under the exclusive ownership, control, and dominion of the Mexican Government. This Commission, aware that such a situation was not considered when the applicable commercial zone regulations were promulgated in *Commercial Zones and Terminal Areas*, 46 M.C.C. 665 (1946), deferred any determination on this point. Instead,

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<sup>15</sup> Federal Register, Nov. 22, 1967, p. 16084.

we instituted a rulemaking proceeding [Ex Parte No. MC-37 (Sub-No. 13)] to give further consideration on a proper record to (1) the character of the strip of land and that portion of the Rio Grande River owned by the Mexican Government, and (2) the possibility of amending or modifying the long-established commercial zone regulations which, although applicable to the determination of commercial zones at international boundary municipalities in the United States situated opposite municipalities in Mexico along the Rio Grande River, may not apply in the situation presented here.

This Commission also commented, contrary to the findings of division 1 in the prior report, 103 M.C.C. 210, that the customs brokers are not common carriers engaged in transportation under common law and, accordingly, tentatively concluded that there is no common arrangement between the customs brokers and the local carriers which would constitute a "common arrangement between common carriers" and void the partial exemption under section 203(b) (8). It was noted that because of the intervention of the customs brokers in the movement of goods from the interior of the United States, through Laredo and Nuevo Laredo, to the interior of Mexico, a concrete practical working arrangement does not exist between the local carriers and the Mexican line-haul carriers which would also void the exemption. Petitions for reconsideration of these findings are pending.

This Commission considered several proceedings involving the limits of commercial zones within which transportation by motor vehicle, in interstate or foreign commerce, is partially exempt from regulation under section 203(b) (8) of the act.

In *Cincinnati, Ohio, Commercial Zone*, 106 M.C.C. 267, *St. Louis, Mo.-East St. Louis, Ill., Commercial Zone*, 106 M.C.C. 844, and *Kansas City, Mo.-Kansas City, Kans., Commercial Zone*, 105 M.C.C. 750, it was determined that the zone limits of those cities had changed and that they should be redefined accordingly.

The Minneapolis-St. Paul, Minn., commercial zone was considered in two separate proceedings. In the first of these, Ex Parte No. MC-37 (Sub-No. 2), *Commercial Zones and Terminal Areas*, following 5 days of hearings, an examiner recommended that the limits of the zone be redefined to include the City of Bloomington and a portion of the Village of Plymouth, Minn. In the second proceeding, *Commercial Zones and Terminal Areas*, 107 M.C.C. 92, the limits of the zone were changed slightly to embrace a portion of Eagan Township, Minn., contiguous to the existing zone limits.

Other proceedings seeking changes in definitions of commercial zones involved Atlanta, Ga., Seattle and Tacoma, Wash., and St. Louis, Mo.-East St. Louis, Ill.



### *Single State Operations*

Sections 206(a) (6) and (7) of the act relate to operation by motor vehicle within a single State based on a carrier's having obtained appropriate authority to conduct intrastate operations within that State. Section 206(a) (7) awarded "grandfather" rights to carriers operating pursuant to the former second proviso of section 206(a) (1) on October 15, 1962; whereas section 206(a) (6) established a new procedure whereby single-State motor common carriers seeking intrastate authority also may obtain, upon a proper showing, a certificate of registration authorizing corresponding interstate operations.

In *Molitor Extension—Certificate of Registration*, 105 M.C.C. 790, this Commission dealt with the type of State commission proceeding necessary for effectuation of section 206(a) (6). It was determined that utilization of the certificate of registration procedure requires concurrent separate findings of both intrastate and interstate commerce public convenience and necessity. Concurrence in this context means that in a single period of time, a State commission must determine whether the public convenience and necessity require an intrastate motor service, and as an incident to such determination whether a corresponding interstate need exists. The report further concluded that the finding of need for intrastate service is meaningful only when the State commission has under consideration an application for initial or additional intrastate service, and that a simple refinding of intrastate public convenience and necessity is insufficient. Otherwise, the State commission would be deciding only an interstate need, something it has no power to do and something which the act makes the exclusive responsibility of this Commission. It should be noted that section 206(a) (6) is an exception to the general rule of certification and, consequently, must be strictly construed. A motor carrier not able to qualify for registration is still able to apply under the usual application procedure of section 207. Judicial appeal in the proceeding is now pending.

In *Barton Truck Lines, Inc. Eligibility—Utah*, 106 M.C.C. 234, and *Imperial Truck Lines, Inc., Common Carrier Application*, 106 M.C.C. 741, division 1 considered proposals to obtain, in connection with extensions of services to points in more than one State, certificates of public convenience and necessity under section 207 on the basis of past operations under the registration provisions. Though not sufficient in and of itself, such operation is considered strong evidence of a public need for continuation of the services. A major consideration is that the existing competitive situation would not be aggravated by granting certification, since the services are already in existence. Additionally, it was noted in *Imperial* that the single-State requirement of the registration provisions is violated by service across an international boundary line.

*Household Goods*<sup>16</sup>

In our last annual report, we outlined the background and findings in *Kingpak, Inc., Investigation of Operations*, 103 I.C.C. 318. This case exhaustively considered the status and operations of those performing services as exempt freight forwarders of used household goods, pursuant to the exemption of section 402(b) (2) of the act, and also of those local motor carriers serving these freight forwarders. The findings were affirmed by a statutory three-judge court in *Household Goods Carriers Bureau, et al. v. United States*, 288 F. Supp. 641 (N.D. Cal. 1968), app. pend. In view of the 350 applications for authority to provide local motor carrier services which have been filed—many by those who rendered this service in the past under a color of right—a representative group of these applications consisting of those filed by the carriers located in one State was considered in a consolidated proceeding (*Central Forwarding, Inc., Extension—Household Goods*, 107 M.C.C. 706). The policy enunciated in this report regarding the type of evidence required, the value of past operations conducted under color of right, and the factors to be considered in determining the scope of any authority to be granted are intended to serve as a guide to the industry and the public in the other pending application proceedings.

The first of a number of pending applications for freight forwarding permits to handle used household goods with other commodities was considered and decided in *Routed Thru-Pac, Inc., Freight Forwarder Application*, 332 I.C.C. 352, thus allowing the setting of the others for hearing. In that proceeding the Commission considered and interpreted the scope of the section 402(b) (2) exemption and found, on the basis of its legislative history and past consistent interpretations, that (1) the commodity specifically referred to in the exemption (i.e., used household goods) is not synonymous with the broader commodity description generally employed in certificates of household goods motor carriers, and that (2) the forwarding of any commodity, the service with regard to which is regulated, together with used household goods destroys the exemption with regard to the latter. Where warranted, the granting of applications of this nature will result in the regulation under part IV of the act of operations heretofore purportedly performed under the narrow section 402(b) (2) exemption.

In addition, two proceedings have been initiated questioning the alleged practice of some regulated freight forwarders of general commodities in utilizing the services of certificated household goods motor carriers under contract to handle shipments of household goods ten-

<sup>16</sup> See also p. 24.

dered to them. These are No. FF-C-22, *Petition of Household Goods Carrier's Bureau*, and No. FF-C-26, *International Forwarding Co. et al., Investigation of Operations*.

### ***Heavy-Hauler Operations***

The last annual report referred to the decision in *Moss Trucking Co., Inc., Investigation of Operations*, 103 M.C.C. 91, dealing with the so-called heavy-hauler description, "commodities the transportation of which because of size or weight requires the use of special equipment." It was concluded, despite earlier decisions on the subject, that in determining whether transportation of a commodity comes within the description, greater weight should be given to industry practice. In addition, a question to be resolved is whether manual handling is "reasonably practical" rather than merely "theoretically possible".

There have since been two major decisions directly involving the *Moss* guidelines. In one, *Ace Doran Hauling and Rigging Co.—Investigation*, 105 M.C.C. 801, division 1 concluded that the authority of the heavy-hauler respondent covered the transportation of such articles as pipe, steel bars, pallets, and skids, and steel roofing sheets. Even though there was manual loading by the consignees of the involved commodities and occasional use of general freight carriers, it was deemed more important that the shippers concerned regularly tendered the commodities in bundled form and that their practices in this respect were based upon reasons of safety, efficiency, and practicality as well as upon factors of convenience.

On the other hand, division 1, in a report on reconsideration in *Hughes Transportation, Inc., Extension—Nuclear Materials*, 107 M.C.C. 207, found that the *Moss* case could not be construed as licensing the carriage under heavy-hauler authority of deuterium oxide, a non-radioactive liquid nuclear material. This conclusion was reached despite the fact that the particular supporting shipper customarily tendered the involved traffic in 550-pound drums which in turn were palletized for loading by forklifts. The division noted that heavy water could move in any size container, and stressed the *Moss* decision's specific disapproval of incursions by heavy haulers into such fields of carriage as chemicals and explosives. A number of petitions were filed seeking reopening and further consideration of the *Moss* case on the grounds that under its rationale, the heavy haulers are invading, through the device of palletization, transportation fields heretofore regarded as outside the scope of their certificates. The scope of the problem presented by these pleadings is substantial, and in the coming year considerable effort likely will be required to cope with it.



A separate aspect of the overall heavy-hauler controversy has been the scope of the so-called twilight zone, *i.e.*, the area in which heavy commodities lawfully may be handled by heavy haulers as well as by other classes of motor carriers. This question is pending on petition for reconsideration in No. MC-61592 (Sub-No. 70), *Jenkins Truck Line, Inc., Extension—Monmouth, Ill.*

#### ***Long-Haul General Commodity Motor Carrier Applications***

The Braswell Freight Lines application referred to in our two previous annual reports was remanded to a district court by the Supreme Court.<sup>17</sup> Our grant of authority to Braswell was therefore upheld. In connection with the subject of small shipments which require joint-line transportation, we continued to find many instances where some motor carriers failed to cooperate in reasonable joint rates and through-route movements. In *Alterman Transport Lines, Inc.—General Commodities*, 106 M.C.C. 402, presently pending on judicial appeal, authority was granted to operate over five regular routes between Charlotte, N.C., and points in Florida. Existing carriers were found to have tariff restrictions or operational procedures which impaired the movement of traffic between the involved points, giving credence to complaints of excessive and erratic transit time on l.t.l. shipments. On substantially the same basis, regular-route operations were authorized between Birmingham and Mobile, Ala., and points in Florida, *Georgia Florida Alabama Transp. Co., Extension*, 105 M.C.C. 58, and between Dothan, Ala., and points in Florida, *P. C. White Truck Lines, Inc., Ext., Northwest Florida*, 102 M.C.C. 204. Hearings were completed on two additional applications involving areas in Florida, No. MC-61264 (Sub-No. 16), by Pilot Freight Carriers, and No. MC-75651 (Sub-No. 57), by R. C. Motor Lines. The examiner's report and recommended order is pending on exceptions in the latter, but no report of the examiner has been issued in the former.

Ten similar consolidated applications referred to in our 81st Annual Report (p. 32) are awaiting the report and recommended order of the hearing officer.

#### ***Motor Contract Carriers***

To operate as a motor contract carrier, the carrier must confine its services to "one person or a limited number of persons." What is contemplated by this provision in section 203(a) (15) of the act has been a controversial question ever since the provision was added by 1957 amendments. In *Continental Contr. Car. Corp., Ext.—45 States*, 106 M.C.C. 277, division 1 reaffirmed its prior decisions that the term

<sup>17</sup> *Braswell Freight Lines, Inc., Extension—Atlanta*, 100 M.C.C. 482. The district court decision, *Dixie Highway Express v. United States, et al.*, 268 F. Supp. 239, was reversed by the Supreme Court, 389 U.S. 409, and the proceeding was remanded to the district court for further findings.

"limited number" is a relative term without any particular significance unless compared to the overall operations of an applicant. Briefly, the facts here indicated that a grant of the application (together with applicant's existing authority and other pending applications) would enable the carrier to serve five shippers under 15 different permits. Although the division noted that the carrier had filed up to 30 applications in less than 4 years of existence, it was recognized that the applicant had been specializing in transporting commodities for only three shippers and that a preponderance of the applicant's permit authority involved service for these three shippers. Considering the pattern of operations and the carrier's holding out of service, the division concluded that to limit applicant now to service to these three shippers would "straitjacket" the carrier's quest for new business to an unreasonable degree not contemplated by the act. The application was, however, denied on other grounds. The carrier filed a judicial appeal.

In *Contractors Cargo Co.—Ext. of Operations*, 105 M.C.C. 683, in determining how many shippers Contractors Cargo may serve under its unlimited permit, we reviewed the operations of the predecessors of the carrier and found the maximum number of shippers served by them at any one time was eight. It was observed that the conclusion as to what is permissible at the present time under the requirement that a motor contract carrier confine its services to "one person or a limited number of persons" must be tempered by a realization that special situations and circumstances do arise that may warrant extending a carrier's service to somewhat more than eight shippers. (Six to eight shippers was recognized as the upper limits for most contract carriers in *Umthun Trucking Co.—Ext. Phosphatic Feed Supplements*, 91 M.C.C. 691.) It was determined, however, under the circumstances surrounding this carrier's operations, that its contracting with as many as 16 shippers clearly exceeded the statutory requirement. This proceeding was held open for a period of 90 days to afford the carrier the opportunity to reduce the number of shippers served and return to no more than eight, or apply for conversion under section 207 of the act, or present a plan for our consideration. A judicial appeal is now pending.

In *Mid-West Truck Lines, Ltd., Contract Carrier Application*, 105 M.C.C. 822, the Commission determined that the proposed service met the statutory definition of contract carriage in section 203(a) (15) by reason of the carrier's proposed assignment of nine tractor-trailer combinations to the exclusive use of a single supporting shipper, although the vehicles would also be used for the transportation of fish which does not require authority. It was concluded that this additional use of the vehicles did not negate a valid assignment of equipment to the shipper's use.

*Unauthorized Operations*<sup>18</sup>

The line of demarcation between private and for-hire carriage continues to present substantial regulatory problems. Our last annual report noted that we held oral argument in a proceeding, designated as one of general transportation importance, that dealt with a venture in which leased trucks were used outbound in the transportation of one shipper's freight and inbound in the movement of products of other shippers. This enabled each shipper to divest itself of, among other transportation burdens, the risk of a nonproductive backhaul. Such mutual divestiture had been found by division 1 in its report in the proceeding, *Keller Industries, Inc.—Declaratory Order*, 103 M.C.C. 520, to constitute compensation, thus rendering the operation one which, under the "substance" test set forth in *United States v. Drum*, 368 U.S. 370, is for-hire carriage. In its report on reconsideration, 107 M.C.C. 75, the Commission, while adopting generally the findings and conclusions of the prior report, based its decision to a large degree upon an additional factor. The undisputed architect of the venture (Keller) from the outset actively solicited the participation in the return movements of a substantial segment of the shipping public, and did not hesitate to add new shippers if their participation was deemed necessary to the venture's success. Such solicitations, one of the hallmarks of a common carrier operation, were found to be completely inconsistent with the private carriage concept envisioned by the act. A judicial appeal has been taken.

Another decision in the same general area involved carriage in the same vehicle and at the same time of the products of three commonly controlled manufacturing enterprises (*Leitchfield Manufacturing Co., Inc.—Investigation*, 106 M.C.C. 648). Division 1 rejected the contention that because they are commonly owned the corporate respondents may for regulatory purposes be treated as a single entity, in light of *Schenley Distillers Corp. v. United States*, 61 F. Supp. 981, affirmed 326 U.S. 432. It went on to find that the simultaneous carriage of more than one shipper's freight constituted for-hire carriage. A judicial appeal is pending.

As noted in our last annual report, the question of the legality under the provisions of section 402(c) (1) of the act of the practice in which a bona fide shippers' association co-loads its traffic on the same railcar with traffic of another shipper or association of shippers to secure the benefit of volume rates was under consideration before the Commission in a proceeding declared to be one of general transportation importance. In *Natl. M. Frt. Traffic Assn. v. Columbia Shippers*, 105 M.C.C. 846, it was found that joint or co-loading of a shipper association's piggyback traffic on the same railcar with the trailer of an inde-

<sup>18</sup> Also see "Gray Area," p. 96.



pendent, for-profit shipper in order to secure the benefits of carload rates, must be considered to be a service for nonmembers. Such co-loading of traffic therefore constitutes regulated freight forwarding which cannot be performed unless a person first obtains appropriate authority. On the other hand, it was found that where co-loading is between two separate but bona fide shippers' associations, such co-loading of traffic can be considered to be fundamentally related to the allowable transportation functions of shippers' associations because it is not in the nature of a service open to the general public. Also, it furthers their nonprofit activities and their joint efforts to secure the benefits of volume rates resulting from such a collective arrangements. Accordingly, the latter co-loading practice was found to be consistent with the legislative history and statutory objective of section 402(c) (1). The decision in the *Columbia Shippers* case subsequently was followed in a proceeding remanded to us by a district court, *Piggy-Back Shippers Assn. of Florida—Investigation*, 332 I.C.C. 349. A judicial appeal has been filed in the *Columbia Shippers* case.

#### *Water Carriers*

In *Nantucket Exp. Lines, Inc., Common Carrier Application*, 332 I.C.C. 80, division I considered an application, filed under section 309 of the act, for operating authority to conduct water-carrier transportation in interstate or foreign commerce between Hyannis, Mass. (on the Massachusetts mainland), and points on the islands of Nantucket and Martha's Vineyard, Mass. In discussing the issues, the division reiterated the criteria used to distinguish intrastate commerce from interstate or foreign commerce; namely, (1) that absent any showing of continuity of transportation from out-of-State points, subsequent transportation partly by motor and partly by water within the same State is in intrastate commerce, citing *Petroleum Products Transported Within a Single State*, 71 M.C.C. 17, 26-29; (2) that where movement by a private carrier into a State is followed by common carrier transportation within the State, the latter transportation is not in interstate or foreign commerce subject to this Commission's regulation, *Motor Transportation of Property Within Single States*, 94 M.C.C. 541, 550, affirmed 382 U.S. 372; and (3) that regardless of the intention of any passenger to undertake an interstate journey, a carrier of passengers operating wholly within a State, selling no through tickets, and having no common arrangements with out-of-State carriers is not engaged in interstate or foreign commerce, *Greyhound Lines, Inc. v. Allen*, 99 M.C.C. 1, 4. Judicial review is pending.

The division found that applicant had failed to establish the interstate nature of most of the considered transportation, and that the evidence established that existing interstate service was adequate.

In *Sea-Land Service, Inc., Extension—Pacific Coastwise*, 329 I.C.C. 447, a water carrier was granted authority to extend operations between certain points along the Pacific Coast for the reason that despite the adequacy of existing rail and motor carrier services, a public need was shown for the inherent advantages of water transportation. An appeal by the railroad protestants is now pending in *Atchison, Topeka & Santa Fe Railway Company, et al. v. United States, et al.*, civil action 67-C-1654, N.D. Ill.

The first contested proceeding in which the Commission undertook steps to revoke a long dormant operating authority under Public Law 89-107, section 8(a), approved September 6, 1965, was before division 1 in *John J. Mulqueen Revocation of Certificate*, 332 I.C.C. 393. The law added section 312(a) to part III of the Interstate Commerce Act, granting us the power to suspend or revoke dormant water-carrier operating authorities. This was similar to provisions under part II of the act, in which we have power to suspend or revoke dormant operating authorities of motor carriers. When part III was enacted as the Transportation Act of 1940, this power was not included, *United States v. Seatrains Lines, Inc.*, 329 U.S. 442 (1947).

The operations were found to be completely dormant and there was no evidence that the holder of the certificate had been able to perform the transportation authorized at any time since 1952. An order was entered requiring the estate of John H. Mulqueen, deceased, to provide water transportation upon reasonable request as authorized in certificate No. W-763, failing which within a stipulated period the certificate would be revoked.

An examiner's report and recommended order was served April 18, 1968, in No. W-5 (Sub-No. 5), *Igert Extension—Arkansas River*, which embraces the applications of 12 presently certificated water common carriers and four noncertificated applicants all seeking authority to operate as water common carriers between points on the Arkansas, White and Verdigris Rivers and Arkansas Post Canal (Waterway) and/or between points thereon and points on other waterways. The examiner found that the evidence established a need for water carrier service such as that proposed. However, he found that to grant authority to all 16 applicants at this time would result in a surplus of water transportation on the waterway. He made a selection of six applicants deemed necessary and best suited to provide the needed service. The matter is pending on exceptions.

#### *Express*

This Commission, after oral argument, issued a report in *Express Company Terminal Areas*, 332 I.C.C. 91, resolving the problem specifically raised in the investigation that was instituted following the decision in *Railway Exp. Agency, Inc., Extension—Nashua, N.H.*,

91 M.C.C. 311. The purpose was to determine the scope of the terminal areas in which express companies may render pickup, delivery, and transfer service on traffic handled in motor line-haul movements. It was there found that the continuing requirements of a substantial segment of the shipping public (particularly those relying on traditional express service) could best be served by allowing REA to continue to set its own reasonable terminal areas for both rail and motor line-haul traffic. We considered the specific provisions of the act involved as well as the national transportation policy and concluded that recognizing and encouraging express operations would be one of the most practicable available means toward coordinating the various modes of transportation, particularly with regard to the handling of small shipments and the provision of special services, and that the boundaries of REA's terminal areas should be determined in this frame of reference.

As a result of serious financial problems arising in the operations of REA, the company sought to restructure its operations throughout the United States. It proposed to establish collection and distribution facilities at 24 cities, to operate between these terminal cities over existing and new routes, and to operate between each terminal city and points in the area to be served by that terminal over existing and new routes.

Its application to perform this service temporarily was granted by the Commission, and REA filed an application in No. MC-66562 (Sub-No. 2314) for permanent certification of this restructured service. Judicial review of the temporary authority grant is pending.

In another major proceeding, the Commission held oral argument in No. MC-66562, *Modification of Certificates*, in which REA sought to have removed from all its outstanding certificates of public convenience and necessity the restrictions limiting service to traffic having an immediate prior or subsequent movement by rail. This resulted from REA's asserted inability to observe the restrictive limitation due to the decline in the number of rail passenger trains available for its use.

#### *Passenger Service*<sup>19</sup>

*Almeida Bus Lines, Inc., Extension—New York City*, 106 M.C.C. 311, involved passenger operations between the well-populated coastal areas of southeastern Rhode Island and Massachusetts and New York City. The decision recognized that the operations of existing carriers are important elements for consideration, but emphasized that in proceedings involving passenger service between highly populated areas and urban centers it is also desirable that the proposal be examined in terms of maintenance of a balanced passenger transportation system

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<sup>19</sup> See also pp. 78-79.



within the area involved. Additional factors to be evaluated included the existence of sufficient carrier capacity to encourage competition and incentives for real innovation and improvement in service to the public. It was concluded that some additional services could be added to the passenger transportation system under consideration without creating excessive capacity that would adversely affect the continuance of effective operations by existing carriers. On appeal, a district court affirmed the Commission. *Short Line v. U.S.* 290 F. Supp. 939 (D.R.I. 1968).

Reports and recommended orders of the examiners were served in Ex Parte MC-29 (Sub-No. 1), *Passenger Transportation in Special Operations*, and in Ex Parte MC-29 (Sub-No. 2), *Operations of Brokers of Passenger Transportation*. In the former, the examiner recommended against adoption of regulations to define the scope and type of services which may be performed by motor common carriers of passengers under authority to transport passengers in special operations. He found generally that the Commission should not impose upon itself definite and inflexible rules involving the certificates it issues. In the latter case, the examiner recommended against adoption of regulations defining the terms, restrictions and conditions now appearing in or to be placed in licenses issued to brokers of passenger service. He found that the important questions have been considered at one time or another by the Commission, that clear answers to such questions are contained in the Commission's decisions, and that interpretive regulations would only lead to confusion, litigation, and further proceedings. The recommendations of both examiners will be further considered on the basis of exceptions taken by the parties.

### UNIFICATIONS

Although restructuring of the Nation's transportation systems through the joining together of carriers by corporate consolidation or common control has been a continuous process through the years, this activity proceeded at a stepped-up pace during the past decade and particularly during 1968. The merger movement once was generally confined to actions between carriers of the same mode. Now, common ownership of different modes and diversification (see p. 82) into non-carrier fields are receiving studied attention by the transportation community.

In the past we have been concerned primarily with horizontal mergers, such as unification between competing railroads providing similar services. In the sense that intermodal common ownership involves different types of service products and is to a large extent complementary, we are dealing with the complex concept of the vertical merger.

Advocates of common ownership seek complete freedom for any mode of transport to control and operate any other mode, with the expectation that greater benefits for shippers can be achieved through more efficient service. To the extent that the law allows, intermodal carriers have gradually been extending their operations through the medium of common ownership. Although common ownership may be authorized under certain circumstances, approval is subject to various restrictions in addition to the public interest test required in section 5 of the act.

Generally supported by the railroads, the concept of common ownership now appears to be gaining a limited degree of favor among some members of other modes of transport.

### *Railroads*

Following are summaries and analyses of the major unification cases decided by the Commission and by the courts during fiscal 1968. Included also is a description of the major cases concluded and those pending in the courts and before the Commission.

*Penn Central Merger and Norfolk & Western Inclusion Cases.* In our original report approving the Penn Central merger, dated April 6, 1966 (*Pennsylvania R. Co.—Merger—New York Central R. Co.*, 327 I.C.C. 475), we imposed extraordinary traffic and indemnity provisions for the benefit of the Erie-Lackawanna, Delaware & Hudson, and Boston & Maine Railroads, pending their inclusion in either the Penn Central or Norfolk & Western system. By report of September 16, 1966 (328 I.C.C. 304), we reopened the Penn Central proceeding for further consideration and limited hearing to determine whether and in what respects the traffic and indemnity conditions should be modified. Pending our further consideration of the traffic conditions, the Supreme Court ruled that consummation of the merger should be delayed until settlement of the future of Erie-Lackawanna, Delaware & Hudson, and Boston & Maine, and their inclusion in a major rail system. The Court's decision was reached expressly in anticipation of a prompt and final disposition of the three lines' pending petitions for inclusion in the Norfolk & Western system (*Baltimore & Ohio R. Co. v. United States*, 386 U.S. 387). In a report and order of June 9, 1967 (330 I.C.C. 328), we affirmed the protective and indemnity conditions, with modifications, and again authorized the immediate consummation of the Penn Central merger.

Simultaneously, in a report and order of *Norfolk & Western Railway Co. and New York, Chicago & St. Louis Railroad Co. Merger, etc.*, 330 I.C.C. 780, we authorized and directed the inclusion of Erie-Lackawanna, Delaware & Hudson, and Boston & Maine into the Norfolk & Western system. The inclusion was pursuant to a condition in the *N&W-Nickel Plate (New York, Chicago & St. Louis Railroad)*

*Merger* case that the merged N&W system would absorb these carriers if we should so direct and upon such equitable terms as we might prescribe. Later, in a report of August 10, 1967, we affirmed our inclusion report and order and modified the terms, principally with respect to the terms of inclusion of the Delaware & Hudson and the conditions for the protection of railway employees.

In the Penn Central proceedings, the parties agreed to attrition-type protection for the benefit of employees. In the N&W inclusion proceedings, we imposed attrition protection for employees of Erie-Lackawanna, Delaware & Hudson, and Boston & Maine, whose counterparts has been protected by attrition agreements in the original N&W-Nickel Plate proceeding. We prescribed the Southern-Central conditions (*Southern Ry. Co.—Control—Central of Georgia Ry. Co.*, 317 I.C.C. 557; 317 I.C.C. 729) for certain union and nonunion employees whose counterparts had been accorded similar protection in the earlier *N&W-Nickel Plate* case. In the interest of uniformity, and since the inclusion proceeding was merely a continuation of the original N&W-Nickel Plate unification proceeding, the employee protection required in the inclusion case was virtually the same as that accorded employees in the *N&W-Nickel Plate* case.

Lawsuits were filed in several courts, including the U.S. District Court for the Southern District of New York. The suits challenged both the Penn Central merger and the N&W inclusion orders, but these were stayed to permit the orderly disposition of the issues in the southern district of New York. After expedited proceedings in that court, all complaints attacking the merger and inclusion orders were dismissed (279 F. Supp. 316).

The Supreme Court on January 15, 1968, sustained our orders approving the Penn Central merger as well as those authorizing and directing the inclusion of Erie-Lackawanna, Delaware & Hudson, and Boston & Maine into the Norfolk & Western system. (*Penn Central and N&W Inclusion* cases, 389 U.S. 486.) Agreeing with the district court, the Supreme Court held that our public interest conclusions were adequately supported by the record and were in accordance with law.

After noting that competition is merely one consideration in a rail merger, the Court stated that before a rail merger can be approved, there must be convincing evidence that it will serve the national interest, citing *Seaboard Air Line R. Co. v. United States*, 382 U.S. 154. The Court appears to have deemphasized the competitive aspects of railroad mergers, thus clarifying the traditional national policy reflected in the Federal antitrust laws. In substance, the Court stated that the national interest is paramount to local or private interests in effectuating the congressional objective of creating and preserving an efficient rail system of nationwide scope.



In its decision the Court referred to the various retention of jurisdiction provisions in our prior Penn Central reports and in the protective conditions themselves. The Court noted that (1) traffic conditions require Penn Central not to change routes, rates, or service that would divert traffic from Erie-Lackawanna, Delaware & Hudson, and Boston & Maine and (2) the revenue indemnity provisions require Penn Central to compensate those railroads for revenue losses resulting from the merger. After discussing objections to the protective conditions, the Court concluded that if "in the light of experience, improper traffic diversions should develop . . . or if these conditions should otherwise prove to be inequitable, recourse may be had to the Commission under these reservations, subject to judicial review . . ." (389 U.S. 468).

Referring specifically to the extraordinary traffic and indemnity conditions, the Court declared that they provide adequate interim protection for EL, D&H, and B&M. As to the legality of the indemnity provisions, the decision observed that section 5(1) of the act, proscribing pooling agreements, does not apply to cases such as the Penn Central merger in which the putative revenue pool is not the creation of the railroads but is imposed by the Commission itself as a condition of consummation of the merger. Moreover, the Court pointed out that even if the indemnity conditions were a pooling arrangement, our findings that the conditions are in the interest of better service to the public and will not unduly restrain competition had the effect of legalizing the proscription of section 5(1). The Court further held that our reserved powers and other provisions would effectively prevent the protected roads (EL, D&H, and B&M) from engaging in manipulations with respect to the compensatory conditions.

The Supreme Court denied the Reading Co.'s request to remand its case for decision as to whether it should be accorded indemnity protection without prejudice to its requesting appropriate relief from us in the future based on actual experience. With respect to the Central Railroad Co. of New Jersey (CNJ), in reorganization under section 77 of the Bankruptcy Act, the Supreme Court observed that the district court had dismissed all complaints attacking the Penn Central order, except the complaint of CNJ, and that CNJ reserved the right "to assert that the Commission's order should contain certain conditions for it." The door is open to both Reading and CNJ to institute appropriate proceedings before us to request relief from undue prejudice caused by the Penn Central merger should future developments show that such relief is warranted.

In disposing of the issues raised by EL bondholders in the N&W inclusion case, the Supreme Court relied exclusively upon our reserved powers to protect EL bondholders against unwarranted traffic diversion by N&W after the inclusion of EL in the N&W system. As

to the value of the railroads involved, we proceeded on the assumption that a railroad's earning power is the primary determinant of value. After noting that our method for determining values and exchange ratios was reasonably conventional and generally accepted, the Court held that our inclusion terms were clearly within the area of fairness and equity and that it is not for the Court to second guess each step in our process of deliberation.

On the question of employee protection, which was the same as that accorded to employees involved in the N&W-Nickel Plate merger, the Court held that we acted within our power in requiring the merged N&W system to protect employees of the three roads (EL, D&H, and B&M) as thoroughly as those of the roads it was permitted to absorb in the N&W-Nickel Plate proceedings.

As a result of the decision of the Supreme Court on January 15, 1968, and an order of the U.S. district court of New York entered pursuant thereto on January 30, 1968, in *Erie-Lackawanna Railroad Co. v. United States*, C.A. No. 66 Civ. 2860 (S.D.N.Y.), the stage was set for immediate consummation of the Penn Central merger and inclusion of EL, D&H, and B&M in the N&W system. Climaxing a 6-year effort, the Pennsylvania and New York Central Railroads consummated their merger on February 1, 1968, the surviving corporation being named Penn Central Co. On April 1, 1968, the inclusion of EL into the N&W system was consummated after approval of the inclusion terms by EL stockholders. The D&H inclusion was effected July 1, 1968. The date for inclusion of B&M was extended to November 15, 1968.

The *N&W Inclusion* case marked the first time we have undertaken to replace the bargaining session of the parties and force the unification of an unwilling partner. We did so here pursuant to the N&W stipulation as a condition to consummation of the N&W-Nickel Plate merger, and in response to the urgent public need for continuance of the service of the three carriers ordered to be included in the N&W system. Notwithstanding the stipulation, N&W persistently opposed the inclusion of the three roads, claiming that an alternate proposal in the *N&W-C&O-B&O Merger* case was superior. In our view, the Penn Central and N&W. Inclusion decision will have a profound legal and economic impact upon the rail merger movement for many years. It clarified our regulatory powers with respect to (1) determining value; (2) forced mergers; (3) imposition of compensatory conditions for the benefit of competing carriers; (4) retention of jurisdiction provisions to include a competing carrier in the merger at a future date or to revise or supplement existing traffic conditions for competing carriers and for bondholders; (5) the imposition of attrition-type or job-freeze protection for the benefit of adversely af-



affected employees; and (6) intramodal competition and the policy underlying the antitrust laws.

*New Haven inclusion and reorganization.*—Since 1961, NH has been in reorganization pursuant to section 77 of the Bankruptcy Act. In our original Penn Central report of April 6, 1966, approving that merger, we required the merged Penn Central to include NH and ordered the parties to submit a plan for inclusion of both the NH freight and passenger services (327 I.C.C. 475, 553). Both Penn Central and NH filed a petition, including an agreement between the parties, for approval of a plan of inclusion, and at the same time NH filed the first-step plan for its reorganization.

After hearing, we issued a report and order on November 16, 1967, authorizing and directing inclusion of NH into the Penn Central system, subject to conditions (*Pennsylvania R. Co.—Merger—New York Central R. Co.*, 331 I.C.C. 643). Among other things, we approved the first step of the New Haven's reorganization plan, fixed a valuation of NH pursuant to section 77 of the Bankruptcy Act, and authorized the transfer of substantially all of NH's assets to Penn Central for 950,000 shares of the latter's stock, \$23 million of Penn Central's bonds, \$8 million in cash and the assumption by Penn Central of certain NH obligations. We also provided for an interim loan from Penn Central and a sharing of NH's losses prior to actual inclusion. Special traffic conditions for the benefit of Reading, Central Railroad of New Jersey, and Western Maryland were designed to maintain Maybrook, N.Y., and the New York Harbor as competitive gateways to New England.

In our report we emphasized that Penn Central was being forced to absorb a losing operation; that both the liquidation value of NH and the value of the consideration to be received by NH approximated \$125 million; that the liquidation value exceeded the minimum or fair upset price that NH creditors were entitled to receive under section 77(b) (5) of the Bankruptcy Act; that the overall cost to Penn Central, including the assumption of certain obligations and the cost of attrition-type labor protection, would be \$159 million; that this exceeded the liquidation value of NH and that it would not be fair or equitable to require Penn Central to pay more than the liquidation value or more than the price agreed upon in the purchase agreement.

By report and order on reconsideration decided March 1, 1968, we modified our prior report and order to the extent of clarifying and liberalizing traffic protective conditions for Reading, CNJ, and WM (331 I.C.C. 754). Relying almost exclusively upon the rationale of the Supreme Court's decision in the *Penn Central* and *N. & W. Inclusion* cases, we denied the request of EL for additional permanent protection at the Maybrook gateway and those of Reading, CNJ, and WM



for indemnity provisions, concluding that our reserved powers were adequate to provide additional protection in the future should circumstances require it, and that all four carriers were without prejudice to request additional protection (331 I.C.C. 761).

The reports and orders of November 16, 1967, and March 1, 1968, have been remanded to us by New York and Connecticut district courts, principally with respect to the value of the NH properties and the consideration to be paid by Penn Central. *Bondholders Committee v. U.S.* 289 F. Supp. 418 (S.D.N.Y., 1968); *In re N.Y., N.H. & H.R. Co.*, 289 F. Supp. 451 (D. Conn. 1968).

Hearings on the second step of the plan of reorganization for NH have been concluded. The second step involves the classification of claims and the treatment of the claims of creditors and the interests of stockholders. Also pending is the disposition of the petition of the Providence & Worcester Railroad Co. for inclusion in the merged Penn Central. As part of the reorganization plan, NH will continue as a reorganized company, or a successor corporation will be organized, to carry on business as an investment company to be registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*) as a closed-end, nondiversified investment company.

Initially the reorganized company, or the successor corporation to be organized, will have capital structure made up of four classes of debt securities, new common stock and warrants to purchase common stock which are to be allotted to NH creditors in accordance with the priority of their claims against the NH estate. One of the major issues here involves our jurisdiction over the reorganized company. Consideration of the second step of the plan will be held in abeyance pending our further consideration and disposition of the first step. On further consideration, we issued a supplemental report and order on November 25, 1968, modifying our prior reports and orders of November 16, 1967, and March 1, 1968, primarily with respect to property valuation, and ordered the inclusion of NH into the Penn Central system as of January 1, 1969. (334 I.C.C. 25).

*Northern lines.*—In a 6-5 decision of March 31, 1966, we denied authorization for the merger of the Great Northern Railway Co., the Northern Pacific Railway Co., the Chicago, Burlington & Quincy Railroad Co., the Pacific Coast Railroad Co., and the Spokane, Portland & Seattle Railroad Co. (*Great Northern Pac. & B. Lines, Merger—Great Northern*, 331 I.C.C. 228). Pursuant to petitions of the applicant lines, we reopened the proceedings and held further hearings to update the record with respect to changes in operations and in proposed savings that would result from agreements between the carriers and competing railroads. By report and order on reconsideration dated November 30, 1967, the Commission approved the merger (331 I.C.C. 228), and affirmed it with modifications on April 11, 1968 (331

I.C.C. 869). In the report approving the merger, the Commission reexamined the criteria of section 5 of the applicable court decisions and the objectives of the national transportation policy. We concluded that the policy of the Transportation Act of 1940 was to facilitate and thereby foster unifications shown to be in the public interest, a policy generally more favorable than that relied upon in the report of March 31, 1966. Concerning competition, the report stated that we may find a merger consistent with the public interest even though it eliminates competition between carriers and even where the transaction presents a head-on collision between the antitrust laws and the Interstate Commerce Act.

As indicated, however, our problem is one of accommodation of section 5 and the antitrust legislation, and although we are not to measure merger proposals by the standards of the antitrust laws, we nevertheless have the responsibility of estimating the scope and appraising the effects of the curtailment of competition in light of the objectives of the national transportation policy and the exclusive and plenary authority conferred upon us by section 5(11) (*Minneapolis & St. Louis R. Co. v. United States*, 361 U.S. 173). The majority concluded that while the applicants have enjoyed a moderate degree of success, increased intermodal competition and inability to prevent traffic erosion make it necessary for them to take measures through merger and lease to assure continued success in the future.

After discussing the reasonableness of the attrition agreements entered into between employee groups and the carriers, assurances by the applicants that all employees would be protected against the loss of jobs, and stipulations entered into between the applicants and other railroads (Milwaukee and North Western) respecting traffic losses and traffic conditions to offset such losses, we found that the merger would be consistent with the public interest. We reserved jurisdiction for a period of 5 years to enable other carriers in the territory to file petitions for inclusion and for the imposition of additional conditions on the merging carriers.

Although the views in our report of November 30, 1967, with respect to competition differ to some extent from those expressed in our earlier report, they do not represent a new or changed policy in this area. Instead the conclusions and findings in the report approving the merger are more nearly a reiteration of Commission policy applied in the Seaboard Coast Line and the Penn Central mergers. More specifically, this is reflected in the principle that insistence upon the preservation of maximum competition among rail carriers is no longer essential to the public interest [*Seaboard Air Line R. Co.—Merger—Atlantic Coast Line*, 320 I.C.C. 122 (1963), upheld in *Florida East Coast Ry. Co. v. United States*, 259 F. Supp. 993 (1966), affirmed per curiam, 386 U.S. 544 (1967)].



In the *Northern Lines* case, the U.S. District Court for the District of Columbia issued an interlocutory injunction on May 16, staying the merger approval until the case is decided on its merits or until further order of the court. The District Court sustained our report and order by decision dated November 20, 1968. The Department of Justice and the City of Auburn have noted appeals to the Supreme Court.

*North Western-Great Western merger.*—In a report and order decided April 20, 1967, we authorized the merger of the Chicago Great Western into the Chicago & North Western Railway. Included were standard routing conditions for the protection of carriers generally, special conditions for the protection of the Soo Line, and attrition-type protection for the employees of the applicants and their subsidiary carriers. We rejected the contention of the labor unions that employees of Soo and other nonapplicant carriers were entitled to employee-protective conditions (*Chicago & North Western Railway Co.—Merger—Chicago Great Western Railway Co.*, 330 I.C.C. 13). On reconsideration, we substituted, at the request of the Railway Labor Executives' Association, the *New Orleans* conditions (*New Orleans Union Passenger Terminal Case*, 282 I.C.C. 271). These were subject to a modification respecting the arbitration of disputes in lieu of the attrition-type protection initially prescribed.

Following our disposition of petitions for reconsideration, Soo, the Railway Labor Executives' Association, and the Brotherhood of Locomotive Engineers brought suit in the U.S. District Court for Minnesota to enjoin the merger. On January 25, 1968, the court remanded the case for further proceedings. The court concluded that we erred in failing to determine the extent to which the merged North Western-Great Western will divert traffic from Soo and the extent to which Soo should be protected. The court also decided that we erred in failing to impose protection for the benefit of the employees of Soo [*Soo Line R. Co. et al. v. United States*, 280 F. Supp. 907 (D. Minn. 1968).]

In a report and order on reconsideration decided May 23, 1968, 333 I.C.C. 236, we found that Soo's gross traffic losses would approximate \$750,000 annually or a net loss of \$593,000 a year, and that various stipulated traffic conditions designed primarily to expand Soo's traffic potential, facilitate interchanges in Chicago and Minneapolis, and provide Soo with access into the Roseport, Minn., industrial park would more than offset Soo's traffic losses. We concluded that the traffic conditions would preserve and possibly increase Soo's traffic volume and revenues, and the likelihood of injury to Soo's employees was remote. Therefore, the issue of employee protection for Soo's employees became moot. Pursuant to our decision of May 23, 1968, the C&NW and CGW merger was consummated on July 1, 1968.

We also authorized Northwest Industries, Inc., a noncarrier holding company and new parent of the North Western to acquire indirect con-



trol of Great Western through the merger. Our order, however, required Northwest Industries to make such special and periodic reports as we may require, pursuant to section 20 (1) and (2) of the act. We reserved jurisdiction to determine whether Northwest should be subjected to further regulation at a future date. In another case involving the North Western, we authorized the joint purchase of the Alton & Southern Railroad by North Western and the Missouri Pacific, and the acquisition by Northwest Industries of indirect control of Alton & Southern by reason of its stock control of North Western (F.D. 24178, *Purchase of Alton & Southern R.R. by Missouri Pacific R.R. Co.*).

*Chesapeake & Ohio-Baltimore & Ohio—Control of Western Maryland.*—By report of February 21, 1967, we authorized C&O and B&O to acquire control of Western Maryland through ownership of its capital stock, subject to various traffic conditions and attrition-type protection for the benefit of employees of C&O, B&O, and Western Maryland. We deferred entry of an order, pending negotiation of an attrition agreement. Our decision gave C&O-B&O voting control of about 65 percent of Western Maryland's outstanding stock.

By order of February 28, 1968, at the request of the Railway Labor Executives' Association, we substituted the *New Orleans* conditions, as modified, for the attrition protection previously prescribed, and authorized the termination of a trust agreement under which the Chase Manhattan Bank held approximately 43 percent of Western Maryland stock for the B&O. In the same order we denied other petitions for reconsideration but reserved jurisdiction for at least 5 years to receive and consider (a) a petition from Central of New Jersey Railroad for inclusion in the C&O-B&O system or their successor, and (b) a petition from the Reading Co., or representatives of a substantial group of its minority stockholders, for inclusion in the C&O-B&O system.

We noted that matters raised by the Pittsburgh and Lake Erie Railroad, and its corporate parent, the New York Central, would be resolved to a substantial degree by the consummation of the latter's merger into the Pennsylvania Railroad. In addition, we observed that the ultimate relationship of the Reading and Central of New Jersey to each other, to the B&O-C&O, and to the N&W can more appropriately be determined in the *C&O-N&W Merger* case and the *CNJ Reorganization* case. The transaction was consummated on March 29, 1968. Our decision was sustained by the District Court for the Western District of Maryland.

*Seaboard-Atlantic Coast Line merger.*—Although our decision approving the Seaboard-Atlantic Coast Line merger was reached on December 2, 1963, *Seaboard Air Line R. Co.—Merger—Atlantic Coast Line*, 320 I.C.C. 122, consummation of the merger was not accomplished until July 1, 1967. The proceeding was twice subjected to

judicial review in a district court and twice in the Supreme Court. Our decision was finally sustained in *Florida East Coast Ry. Co. v. United States*, 259 F. Supp. 993 (1966), affirmed per curiam, 386 U.S. 544 (1967). One of the most significant policy guidelines evolving from this merger deals with the antitrust laws, particularly section 7 of the Clayton Act. The Supreme Court made it clear that in estimating the effects of the curtailment of competition from a proposed merger, we are not required to apply product and geographic market criteria under section 7 of the Clayton Act and that we may approve a particular merger even though it may be in violation of the Federal antitrust laws. In brief, the antitrust criteria to be applied to business mergers generally are not applicable to rail mergers (Cf. *Brown Shoe v. United States*, 370 U.S. 294). While we had prescribed a code of protection generally similar to the *New Orleans* conditions, the carriers and their employees subsequently entered into attrition agreements, protecting virtually all employees of the two companies against job losses as a result of the merger.

The name of the surviving corporation is the Seaboard Coast Line Railroad.

*Southern-Central of Georgia.*—Although the Southern-Central of Georgia control transaction was consummated on June 17, 1963, the employee-protective conditions prescribed therein have been in litigation in the courts and before this Commission for several years. The matter ultimately reached the Supreme Court in *Railway Assn. v. U.S.* 379 U.S. 199. Pursuant to the Court's remand, we decided, on November 15, 1967, that the protective conditions imposed in the case include sections 4, 5, and 9 of the Washington agreement. (*Southern Railway Company—Control—Central of Georgia Railway Company*, 331 I.C.C. 151). In general, sections 4 and 5 of this agreement require notice, negotiation, and implementing agreements between employees and the carriers regarding work changes resulting from a unification. Section 9 provides for lump-sum separation allowances in lieu of all other benefits. Our decision held that both the *New Orleans* conditions (282 I.C.C. 271) and the *Southern-Central* conditions embrace the provisions of the *Oklahoma* conditions (257 I.C.C. 177), as well as those of the Washington agreement except where modified in certain particulars. Stated differently, both the *New Orleans* conditions and the *Southern-Central* conditions are a superimposition of the *Oklahoma* conditions upon the provisions of the Washington agreement.

*North Western-Milwaukee consolidation.*—In Finance Docket No. 24182, hearings were completed on an application for the consolidation of the Chicago, Milwaukee, St. Paul, and Pacific and the Chicago and North Western Railroads into a corporation to be called the



Chicago, Milwaukee & North Western Transportation Co. Briefs have been filed and the matter is pending an examiner's report. After the hearings were concluded, Northwest Industries, Inc., the new parent of North Western, filed an application as a party applicant in the proceeding. On the basis of this application, the proceeding was reopened for further hearing for the limited purpose of determining the extent to which the merger terms will be changed by reason of Northwest Industries' recent acquisition of control of the North Western.

*Rock Island acquisition.*—Hearings extended through the fiscal year on consolidated proceedings in which four railroads seek to acquire all or portions of the Chicago Rock Island & Pacific Railroad. In finance dockets Nos. 22688 and 23285, North Western and Union Pacific seek control of Rock Island, and Union Pacific also proposes a merger with Rock Island. In finance dockets Nos. 23595 and 23919, the Southern Pacific and the Santa Fe seek authority to purchase portions of the Rock Island, while the Southern Pacific Transport Co. seeks authority to acquire a portion of the motor carrier rights of the Rock Island Motor Transit Co. The matter has become more complex by reason of the recent acquisition of 98 percent of North Western's stock by Northwest Industries, Inc. Other complicating factors involve the effect that the North Western-Great Western merger and the North Western-Milwaukee unification would have upon the various proposals. Through the issuance of subpoenas to various brokerage firms, the examiner requested data to establish the identity of the beneficial owners of the stock held by brokers in the railroads involved in the proceedings.

*N&W-C&O merger.*—Hearings on the joint merger application of the N&W-C&O in finance docket No. 23832 were concluded. The application involves a request for authority to merge the properties and franchises of C&O into the N&W, and the acquisition by N&W of the subsidiaries and affiliates of C&O and of certain trackage rights. As a condition of approval of the application, N&W and C&O indicated their willingness to include the Erie-Lackawanna, the Delaware & Hudson, the Boston & Maine, the Reading Co., and the Central of New Jersey subject to certain terms and conditions. The inclusion of Erie-Lackawanna and the Delaware and Hudson are no longer in issue (see pg. 56). Since the Central Railroad of New Jersey is in reorganization, consideration of its inclusion in the proposed N&W-C&O system is to be held in abeyance pending the outcome of the reorganization proceeding.

The following table contains a list of applications for major railroad unifications as of June 30, 1968, under section 5(2) of the Interstate Commerce Act.



Finance docket No.	Nature of transaction
21478 .....	Consolidation of the Great Northern Pacific Ry. Co., Chicago, Burlington & Quincy R.R. Co., and Pacific Coast R.R. Co., into Great Northern Pacific & Burlington Lines, Inc., and lease by that company of Spokane, Portland & Seattle Ry. Co. Pending judicial review.
21989 .....	Merger of New York Central R.R. Co., into Pennsylvania R.R. Co.—New Haven reorganization aspect.
22688 .....	Chicago & North Western control—Chicago, Rock Island & Pacific.
23178 .....	Acquisition by Chesapeake & Ohio Ry. Co. and Baltimore & Ohio R.R. Co. of control of Western Maryland Ry. Co.
23285 .....	Merger of Chicago, Rock Island & Pacific R.R. Co., into Union Pacific R.R. Co.
23595 .....	Purchase (portion) of Chicago, Rock Island & Pacific Co., by Southern Pacific Co.
23832 .....	Merger of Chesapeake & Ohio Ry. Co. into Norfolk & Western Co.
23919 .....	Purchase (portion) of Chicago, Rock Island & Pacific R.R. Co. by Atchison, Topeka & Santa Fe Ry. Co.
24182 .....	Consolidation of Chicago & North Western Ry. Co. and Chicago, Milwaukee, St. Paul & Pacific R.R. Co. into Chicago, Milwaukee & North Western Transportation Co.
24785 .....	Kansas City Southern Ry. Co. (control)—Joplin Union Depot Co.
24880 .....	Seaboard Coast Line R.R. Co.—(merger)—Piedmont & Northern Ry. Co.
24907 .....	Illinois Central R.R. Co. (control)—Waterloo R.R. Co.
25031 .....	Louisville & Nashville R.R. Co.—Chicago & Eastern Illinois R.R. Co. (purchase-portion).
25070 .....	St. Louis-San Francisco Ry. Co.—Birmingham Belt Railroad Co.—Merger.
25103 .....	Illinois Central Gulf R.R.—Acquisition of Gulf Mobile & Ohio R.R. Co. and Illinois Central R.R. Co.
24178 .....	Control of Atchison, Topeka & Santa Fe Ry. Co. by Mississippi River Corp. and Missouri Pacific R.R. Co. Application dismissed at request of applicants.

### Motor Carriers

Motor carrier unifications often have a different intent from rail mergers. Trucking mergers permit the involved carriers to expand their operations without the expense and uncertainty of prosecuting applications for extension of service into new territories.

A total of 371 motor carrier purchase, control, and merger applications was filed in fiscal 1968 under section 5 of the act compared to 345 in 1967. Related applications seeking authority under section 210a(b) of the act, for temporary control or lease of the motor carrier rights and properties involved in the section 5 transactions were filed in connection with 187 of the section 5 applications. This compares with 186 such applications filed in 1967. Of the section 5 applications filed in 1968, 303 were granted in whole or in part and 30 were denied. Similar figures for 1967 were 270 and 18, respectively.

Applications for transfer or lease of operating rights under section 212(b) and section 206(a)(6) or (7) totaled 859 for 1968 as compared to 867 for 1967. Of these applications, 728 were granted in whole or in part and 84 were denied. Similar figures for 1967 were 765 and 78, respectively.

*Cases decided.*—In the last annual report, it was noted that three acquisition applications involving a number of the larger motor carriers were then pending. Subsequently, all of these applications were granted. By order in No. MC-F-9754, Tri-State Motor Transit Co., operating generally throughout the United States, was authorized to acquire control of U.S.A.C. Transport, Inc., which holds extensive authority to transport aircraft, aerospace craft, nuclear materials, and heavy commodities. By order in No. MC-F-9852, Spector

Freight System, Inc., was authorized to acquire control of Viking Freight Co., resulting in a combined freight service between nearly 6,000 cities in the Northeast, Central, Mississippi Valley, and Southwest sections of the United States. In 104 M.C.C. 367, another trans-continental service resulted from the acquisition by United-Buckingham Freight Lines of control of Nortruck Corp., a noncarrier, which, in turn, controlled two motor carriers, Norwalk Truck Lines, Inc., of Delaware and Norwalk Truck Lines, Inc. The United-Buckingham-Nortruck and Tri-State-U.S.A.C. proceedings were unopposed. While the Spector-Viking proceeding was initially opposed by 10 motor common carriers, opposition was subsequently withdrawn. In accordance with the Commission's organization minutes, the three proceedings were decided by an employee board.

Although the total annual number of applications for motor carrier unification has remained relatively constant for the past decade, there has been a recent increase in the unification of the larger carriers. Many of these were unopposed—in contrast to the broad protests in the merger of large railroads.

Unopposed unifications of large carriers approved this year included an order in No. MC-F-9868, in which Bruce Motor Freight, Inc., acquired control of Ziffrin Truck Lines for \$972,000. The former's general commodity authority over regular routes radiates from Des Moines to Minneapolis, Kansas City, St. Louis, Chicago, and Milwaukee. Ziffrin's similar operations radiate from Indianapolis to such points as Louisville, Cincinnati, Chicago, and Milwaukee. By order in No. MC-F-9937 Associated Transport, Inc., holding extensive general-commodity authority over regular routes throughout the eastern seaboard and Midwest, was authorized to acquire control of Scherer Freight Lines, Inc. Scherer's similar authority involved numerous States in the Midwest. By order in No. MC-F-9908, Werner Transportation Co., through an exchange of stock and assumption of obligations in excess of \$4 million, was authorized to acquire and merge the motor carrier properties of Rand Express Freight Lines, Inc., with those of its own. Both carriers hold broad authority in the East.

In contrast to the lack of opposition in these proceedings, nine motor carriers strongly opposed the application of Consolidated Freightways Corp. of Delaware (104 M.C.C. 194, 379, 658). Consolidated, the Nation's largest motor common carrier of general commodities, in this case gained access to principal cities in Tennessee, Arkansas, Oklahoma, and Texas, through acquisition of control of Southern-Plaza Express, Inc. Sale of the latter's stock to Consolidated was prompted by adverse operating experiences, as evidenced by the decline in its gross revenues from \$11,009,896 in 1961 to \$7,622,639 in 1964.

Another substantial transaction approved in fiscal 1968 over strong opposition, including the objections of the Common Carrier Confer-



ence—Irregular Route, American Trucking Associations, Inc., was in No. MC-F-9463 involving Spedco, Inc., a noncarrier subsidiary of Pepsico, Inc., which, among other things, produces and distributes Pepsi Cola and other soft drinks throughout the Nation. Spedco was authorized to acquire North American Van Lines, a nationwide motor carrier of household goods, in exchange for capital stock of Pepsico valued at approximately \$21,890,619. The decision has been judicially appealed.

*Cases pending.*—In No. MC-F-9961, which involves one of the largest section 5 motor carrier transactions in recent years, only two protestants, one a competing carrier and the other a minority stockholder, appeared at the public hearing. TIME Freight, Inc. (TIME) would merge with DC International, Inc. (DC) and Los Angeles-Seattle Motor Express, Inc. (LASME). TIME, through the merger, would acquire control of Red Ball Express Co., a wholly owned subsidiary of DC. Both TIME and DC are transcontinental carriers. LASME operates between Los Angeles and Vancouver, British Columbia, via San Francisco, Portland, and Seattle. Red Ball's routes radiate from Omaha and extend north to Sioux City, west to Denver, east to Chicago, and south to Kansas City, Mo.

Another pending transaction involving large carriers is No. MC-F-9483, with Chemical Leaman Tank Lines, Inc., the Nation's largest motor common carrier of bulk commodities, seeking authority to purchase the Tank Line Division of Ryder Truck Lines, Inc., reportedly the sixth largest. The consideration consists of 350,000 shares of Chemical Leaman common stock plus \$126,000 cash and the assumption of obligations of the Tank Line Division approximating \$521,400. This proceeding, however, has encountered strong opposition; 15 motor carriers initially entered protests.

Pending in No. MC-F-10108 is a proposal for merger of two of the Nation's largest common carriers of general freight. Mason & Dixon Lines would acquire Yankee Lines, Inc., for almost \$3,500,000. Both carriers primarily operate over regular routes. Mason & Dixon extends between Atlanta and Birmingham, Memphis, Chicago, Richmond, Baltimore, and New York City. Yankee operates between New York City and Cincinnati, with service at Baltimore, Pittsburgh, and Cleveland, among numerous other points. Yankee's rights would be of strategic importance to Mason & Dixon and shorten materially the distances now required for Mason & Dixon to operate, for example, between Chicago and New York City. Many competing motor carriers oppose the transaction.

*Other proceedings under section 5.*—Upon the filing of a complaint by Transcontinental Bus System, Inc., and 12 of its affiliated companies, the Commission found that The Greyhound Lines, Inc., and its parent holding company, The Greyhound Corp., through purchase



of 45 percent of the stock of Oklahoma Transportation Co. for \$2.7 million had unlawfully acquired control of the latter and its two affiliated carriers, Mid-Continent Coaches, Inc., and Southeast Coaches, Inc. (104 M.C.C. 524). Because of the violation of section 5(4) of the Interstate Commerce Act, and section 7 of the Clayton Antitrust Act, Greyhound was required to divest itself of the stock in question.

In 104 M.C.C. 449, Mt. Hood Stages, doing business as Pacific Trailways and engaged in bus operations in Oregon, Idaho, and Utah, alleged discriminatory and destructive competitive practices by Greyhound. The Commission found that Greyhound was engaging in activities unreasonably and unnecessarily disruptive of previously existing practices and traffic patterns, without regard for adverse effects upon the complainant and contrary to representations made by Greyhound to the Commission in various prior acquisition proceedings approved and consummated under section 5.

It was further found that Greyhound's action constituted destructive competition in contravention of the national transportation policy and provided good cause for supplemental proceedings under section 5(9) of the act, even though that the transactions under section 5 had been consummated for some time and certificates of public convenience and necessity had been issued to Greyhound. Entry of a supplemental order under section 5(9) was deferred to permit voluntary negotiation of an agreement between the parties for the future protection of the complainant. Greyhound's motion for dismissal of the complaint for lack of jurisdiction was denied.

### *Water Carriers*

As of June 30, 1968, the Commission had two pending applications involving the transfer or lease of water carrier operating authority under section 312 of the act, and one pending unification application under section 5(2). A year earlier, it had three such applications pending of which one involved unification of water carriers under section 5(2) and two involved the transfer or lease of rights under section 312. During fiscal 1968, eight applications for transfer or lease were filed under section 312, as compared to five filed during the prior year. One application involving unification was filed under section 5(2), the same as in 1967. Of the applications pending at the beginning of, or filed during, the reporting year, two were assigned for hearing, six were granted in whole or in part, and two were denied, dismissed or withdrawn. In addition, the Commission disposed of one petition involving unifications under section 5(2).

### *Freight Forwarders*

As of June 30, 1968, the Commission had no pending applications for transfer or lease of operating rights under section 410(g), as

compared to one application pending on petition on June 30, 1967. Five new applications involving the transfer or lease of rights under said section were received and granted during the fiscal year, as compared to three applications disposed of during 1967. Of the petitions pending at the beginning of, or filed during, the reporting year two were granted.

### ABANDONMENTS

Only one abandonment of a railroad's operations involving considerable mileage was approved during the year, in 333 I.C.C. 443. The abandonment entailed the entire 287-mile line of the Tennessee Central Railway Co. between Hopkinsville, Ky., and Harriman, Tenn. Applications are pending by several railroads to acquire portions of the abandoned line to continue service. Abandonment of the entire line is pending in another proceeding.

Two small railroads were permitted to abandon their entire lines of railroad. By certificates and orders in finance docket No. 24899, the Lake Champlain & Moriah Railroad Co. abandoned its 7-mile line in Essex County, N.Y., and in finance docket No. 24924, Augusta Union Station Co. abandoned its 1½-mile line in Augusta, Ga.

As reported in the last annual report, the Washington & Old Dominion Railroad, in 331 I.C.C. 587, sought to abandon its entire line between Alexandria and Purcellville, Va., a distance of 48 miles. A certificate and order permitting the abandonment was issued during this year. The conditions imposed included protection for the employees of the Washington & Old Dominion Railroad, even though the entire line was to be abandoned. The Chesapeake & Ohio Railway, parent company of the Old Dominion, was required to assume the cost of such protection inasmuch as it was the principal beneficiary of the abandonment. Our decision was sustained on review. *Washington & O.D. Users Assn. v. U.S.*, 287 F. Supp. 528 (E.D. Va. 1968).

There was no discernible trend in requests by railroads for abandonment of branch lines. Few applications for abandonment of duplicating facilities resulted from approved mergers, but it is expected that such applications will increase as traffic patterns are established. Abandonment requests necessitated by the building of dams, highways, and redevelopment projects showed no significant increase. Most abandonment applications were unopposed. Operations of passenger trains over the lines permitted to be abandoned were minor.

### CONSTRUCTION AND TRACKAGE RIGHTS

The construction, acquisition, and operating rights proceedings filed and handled during the year did not involve extensive trackage.

In 330 I.C.C. 717, involving railroad operations in the Corpus Christi, Tex., terminal area, it was found that the rendering by the

Corpus Christi Terminal Association, Southern Pacific Co., and The Texas Mexican Railway Co. of operating and switching services were in the public interest. Although the proceedings were consummated originally in 1960 (317 I.C.C. 245), they were reopened following a dispute between the carriers and the Brotherhood of Railroad Trainmen concerning the manner of conducting the operations, resulting in strike threats, and court action by the railroads to avert a strike. No findings were made in the reopened proceedings regarding the work rules and method of operation sought by the brotherhood, other than that they were not shown to be contrary to the public interest. It was pointed out in the reopened proceedings that whether the brotherhood has a right to strike under the circumstances is the responsibility of other agencies of Government charged with those duties.

Terms and conditions were prescribed in 331 I.C.C. 367 and 333 I.C.C. 342 for the continued operation by the Atchison, Topeka & Santa Fe Railway Co., over the tracks of the Southern Pacific Co. between Kern Junction and Mojave, Calif., approximately 68 miles, upon failure of those two carriers to arrive at a mutually acceptable new trackage rights agreement. The trackage in question was constructed in 1876 and is a part of the main transcontinental line of both carriers.

#### RAILROAD FREIGHT CARS

During fiscal 1968, labor disturbances which retarded the automobile, shipping, and copper production sectors lessened the demands for rail cars. Work stoppages also directly involved the rail industry, and the Commission had to activate its emergency plans to assist the public and shippers in obtaining transportation for emergency movements during the brief nationwide rail strike on July 16, 1967. The first general rail tie-up since 1946 spread swiftly across the Nation, paralyzing the railroad system, halting the shipment of much of the Nation's freight, including some vital shipments to Vietnam, and forcing millions of passengers and commuters to find alternate means of transportation. The strike ended when Congress authorized establishment of a Presidential mediation panel.

Freight cars fell short of their potential productivity in fiscal 1968 due to the slower pace of the national economy, which dropped revenue carloadings over 5 percent to 28 million, a reduction of more than 1.5 million below those of 1966. Increased capacity, heavier loading, and longer average hauls also helped diminish the car shortage. This improvement occurred despite a slight reduction in the number of freight-carrying cars in railroad service from 1,826,184 at the end of 1966 to 1,820,145 a year later. There were 100,185 cars placed in service in 1967, including 83,099 new and 17,086 rebuilt cars, despite the earlier 6-month suspension of the 7-percent-investment tax credit. For certain



classes of cars, such as covered hoppers, flat cars, and tank cars, there were net gains in ownership. The number of box, open-top hopper, stock, and refrigerator cars declined, however.

As a result of an increase in average carrying capacity to about 80 tons, the aggregate carrying capacity of the Nation's freight car fleet on January 1, 1968, was 114 million tons, up 2 percent in 10 years despite a 234,000-car decline in ownership. The new cars included not only long flatcars hauling two truck trailers apiece and rack cars hauling 15 automobiles, but also house-sized boxcars for auto parts and canned goods, whale-shaped tankers, and "jumbo" hoppers carrying 100 tons and more of grain, flour, or sugar.

The continued advances in computer and communication usage will lead, it is hoped, to progressively improved utilization and better control of freight car distribution. Projects advanced by the railroads through data systems activity include: TRAIN (tele rail automated information network)—a nationwide computerized freight car-tracking system designed to deal effectively with car distribution and localized car shortages; ACI (automatic car identification)—a system for the automatic trackside scanning and identification of freight cars, which is expected to increase car utilization by as much as 10 percent; and UMLER (universal machine language equipment register)—which will carry on tape a full description of all types and classes of cars, making possible the use of computers to assist in the distribution of empty freight cars to meet customer needs.

Effective October 1, 1967, a revised code of car service rules was placed in effect by the Association of American Railroads as a further effort to improve car handling practices of the railroads and obtain better utilization of cars. Freight car utilization averages, however, receded during the year as car supply became easier with declining carloadings. Car-miles per car-day averaged 51.5 in 1967, down from a record 53 miles in 1966. Net ton-miles per car-day reflecting both car activity and weight of load declined to 1,277—slightly below the 1966 record.

#### *Procedural Aspects*

One view of the freight car problem has been that it is cheaper to rent than to own cars, because it is alleged that the industry-imposed per diem charges are less than compensatory. This year for the first time we prescribed a method for calculating adequate compensation to owners of cars (*Chicago, Burlington & Quincy R. Co. v. New York S. & Western R. Co.*, 332 I.C.C. 176). Several court actions have been instituted to test our order, and the effective date was postponed *pendente lite*.

In an investigation of the freight car problem in which the staff had advocated approval of formulas to determine the adequacy of carrier car ownership by type of car, and by prescription of more effective and

efficient car service rules and reporting rules on car usage, an examiner in a report served January 23, 1968, found that the adoption of the proposed car ownership formula, regulations, and car service rules was not shown to be justified. He was of the view that there was no competent evidence of record upon which to base a determination concerning the adequacy of railroad freight car ownership either on a national basis or by individual carrier. Exceptions and replies were filed in Ex Parte No. 241, *Investigation of Adequacy of Railroad Freight Car Ownership, Car Utilization, Distribution, Rules and Practices*.

In a related proceeding we found that an incentive element increase, on an interim basis, on the compensation paid by railroads for the use of freight cars owned by other carriers was not warranted by currently available data. We noted also that a number of encouraging developments have taken place which should contribute to improved service (*Incentive Per Diem Charges*, 332 I.C.C. 11). However, by order dated December 15, 1967, we instituted a rulemaking proceeding designed to obtain information to determine whether a need exists for enforcement of the incentive element and, if so, the amount and manner of application. Basic to this proceeding is the collection of information on car demand and supply by means of a random sample [Ex Parte No. 252 (Sub-No. 1), *Incentive Per Diem Charges—1968*].

A unique issue now pending for decision is whether a carrier which complies with an emergency car distribution directive, issued under sections 1 (15) and (17) (a) of the act, to transport empty cars over its line from eastern connections to western connections is entitled to recover the costs of such service [docket No. 34731 (Sub-No. 2), *In the Matter of Compensation for Transportation Service Performed Pursuant to Pfahler's Car Distribution Directives*]. In a report served June 13, 1967, the examiner held that the complaining carrier may recover such costs. The matter has been argued before the Commission.

One factor affecting car supply is the failure of the receivers, in many instances, to remove all debris from cars. Car days are thus lost in the cleaning of cars by the carriers. Considerable attention has been devoted to this "dirty freight car" problem by railroad committees and regional shippers advisory boards. One effort to alleviate this problem was a tariff proposal which would subject consignees to a charge of \$25 for failure to completely unload all lading and dunnage material from freight cars of designated type. After hearing, the examiner, although recognizing the seriousness of the problem, found that the record was insufficient to justify a ruling favorable to the carriers. His findings were upheld in I. & S. No. 8363 (Sub-No. 1) *Special Unloading Charge at Destinations in U.S.*

In a decision which, if implemented, should encourage an adequate car supply, the Commission approved more uniform and reduced free time for shippers in unloading rail cars of outbound lading at all

continental U.S. ports. The Commission approved a maximum of 5 days' free time for unloading commodities generally and a maximum of 7 days on grain except at Pacific coast ports where the existing free time was 5 days (*Free Time In-Car Storage at U.S. Ports*, 329 I.C.C. 763).



## FINANCE AND ACCOUNTS

- Total revenues of regulated carriers reached almost \$26 billion in fiscal 1968.
- Commission granted carriers authority to issue securities of over \$518 million.
- Six railroads involved in bankruptcy or receivership proceedings.
- Over \$53 million repaid of \$244 million railroad loans guaranteed under part V of the act.

### CARRIER FINANCIAL CONDITION

Total revenues of all regulated carriers have shown increases for the past 6 years. The 1967 increase was only 0.23 percent, however, compared with a 6-percent advancement the previous year. This increase was the smallest during the 6-year period. Operating revenues for calendar years 1966 and 1967, and fiscal years 1967 and 1968, are shown in the accompanying table. The railroads, which had reached a revenue peak in 1966, experienced a decline of over \$200 million or 2.76 percent in the next year. Oil pipelines and motor carriers of both passengers and property attained new records in operating revenues in 1967. There was a 27.09 percent decrease for the Pullman Co. Rail passenger and Pullman Co. revenues in 1967 totaled \$549.4 million, and those of motor carriers of passengers \$955.2 million.<sup>20</sup> Rail freight, mail, and express revenues for 1967 aggregated \$9.7 billion compared with \$11.2 billion for motor carriers of property. There was almost no change for Railway Express but a drop of over 7 percent occurred in domestic revenues of regulated water carriers.

For the 1968 fiscal year ended June 30, 1968, there was a slight decrease in railroad operating revenues; both property and passenger motor carriers continued to show increases. The decrease in Pullman Co. revenues reflected the decline in passenger traffic and a reduction in the number of trains offering sleeper service. Oil pipelines continued their advance. Water carriers and REA, as indicated in the

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<sup>20</sup> For purposes of this comparison, rail revenues were allocated for property and passenger service corresponding with the type of motor carriage most competitive for the traffic. Thus, included in the comparison with motor carriers of property are rail freight, mail, milk, and Railway Express revenues, and, in the passenger comparison, rail passenger, baggage, sleeping car, parlor and chair car, and other passenger train revenues. A portion of REA domestic revenues was included with rail revenues in the comparison with property motor carriers. This portion bears the same relationship to total REA domestic revenues as contract charges paid by REA to railroads bear to the total of express privilege payments by all modes.

following table, had decreases of 20.9 and 4.15 percent, respectively, as compared with fiscal year 1967.<sup>21</sup>

Longer term trends are indicated in the accompanying charts at pages 75 and 76, "Operating revenues by transport agency, 1947-67," and "Indexes of operating revenues by transport agency, 1947-67," respectively. For comparison purposes, domestic revenues of air carriers regulated by the Civil Aeronautics Board are shown in the charts with the revenues of carriers regulated by the Interstate Commerce Commission. Indexes are separated for carriers whose revenues increased more rapidly than national income, viz., motor carriers of property and airlines, as shown in one chart, and those whose revenues failed to equal the national income rate of growth, shown in another chart below. Electric railways and the Pullman Co. showed the greatest degree of decline, and air the greater relative increases.

*Operating revenues<sup>1</sup>*

Type	Year ended Dec. 31, 1966	Year ended Dec. 31, 1967		Year ended June 30, 1967	Year ended June 30, 1968	
		Amount	Percentage change from calendar year 1966		Amount	Percentage change from fiscal year 1967
	<i>Thousands</i>	<i>Thousands</i>		<i>Thousands</i>	<i>Thousands</i>	
Railroads <sup>2</sup> .....	\$11,163,421	\$10,854,931	-2.76	\$11,077,115	\$11,067,032	-0.09
REA <sup>3</sup> .....	323,629	323,227	-0.12	326,662	313,094	-4.15
Pullman Co.....	35,001	25,520	-27.09	32,217	21,001	-34.81
Waterlines <sup>4</sup> .....	460,129	426,287	-7.35	541,811	428,569	-20.90
Pipelines (oil).....	941,132	993,341	+5.55	963,306	1,023,330	+6.23
Motor carriers of passengers.....	901,149	955,217	+6.00	941,145	986,430	+4.81
Motor carriers of property.....	10,861,829	11,165,000	+2.79	11,064,916	12,036,147	+8.78
Grand total <sup>5</sup> .....	24,686,290	24,743,523	+0.23	24,857,172	25,875,603	+4.10

<sup>1</sup> Partly estimated. Data for calendar 1967 and fiscal 1968 are preliminary. Variations in totals are the result of rounding.

<sup>2</sup> Includes line-haul and switching and terminal companies. Alaskan and Hawaiian companies are included.

<sup>3</sup> After deducting payments to others for express privileges, \$111,300,000 in 1966 and \$104,000,000 in 1967.

<sup>4</sup> Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

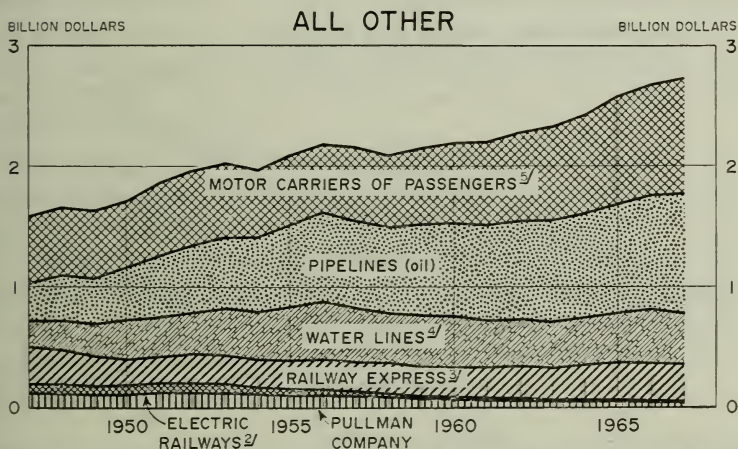
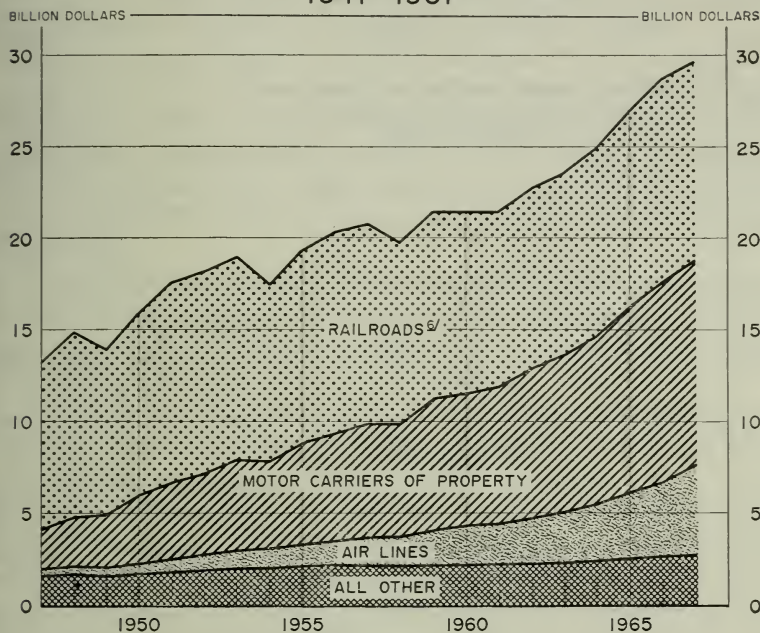
<sup>5</sup> Omits electric railways with operating revenues of \$13,800,000 in 1966 and \$11,700,000 in 1967.

### Railroads

From 1961 to 1966, real output (GNP less services) of the economy exhibited the most prolonged period of sustained growth in the post-World War II years. The average annual rate of increase in real output

<sup>21</sup> Because of duplications resulting from intercompany payments to carriers, revenues of freight forwarders and private car lines were excluded from the table of revenues. The operating revenues of freight forwarders, after payments to carriers and inclusion of incidental revenues, were \$184 million for calendar 1966 and \$186 million for calendar 1967. Operating revenues for private car lines were \$610 million in 1966 and \$652 million in 1967. Electric railways had revenues of \$13.8 million in 1966 and \$11.7 million in 1967, a decrease of 15.2 percent. They are omitted from the table because data are not available on a fiscal year basis. Fiscal year data are also not available for freight forwarders and private car lines.

# OPERATING REVENUES,<sup>1/</sup> BY TRANSPORT AGENCY 1947-1967



<sup>1</sup> Partly estimated.

<sup>2</sup> Shifts of carriers from electric to line-haul railroad and other classifications and partial and complete abandonments have affected the decline by an indeterminate amount.

<sup>3</sup> After deducting payments to others for express privileges.

<sup>4</sup> Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

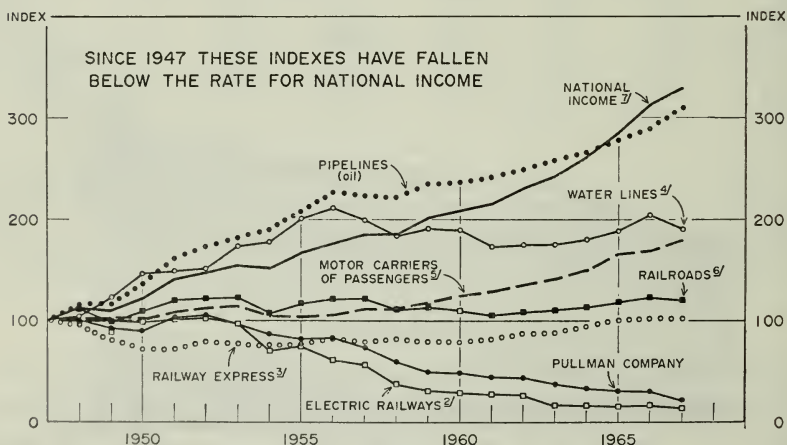
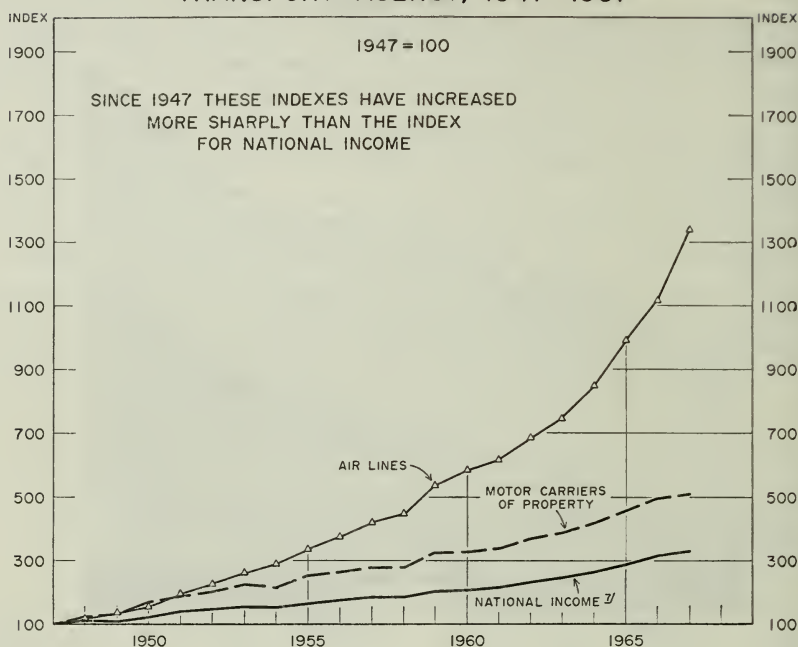
<sup>5</sup> Does not include motor carrier revenues of electric railways, included under electric railways.

<sup>6</sup> Includes switching and terminal companies.

Sources: 1947-66, Annual Reports of the Interstate Commerce Commission; 1947-56, I.C.C. Bureau of Transport Economics and Statistics, *Statistics of Class I, II, and III Motor Carriers, 1939-56*, Statement No. 589; and 1967, staff estimates. Air data from Civil Aeronautics Board; data cover operating revenues in domestic revenue operations only, including Alaska but not overseas, and do include the local Hawaiian line within those islands. Inclusion of Alaskan and Hawaiian data makes no perceptible difference in the chart.



# INDEXES OF OPERATING REVENUES,<sup>1/</sup> BY TRANSPORT AGENCY, 1947-1967



<sup>1</sup> Partly estimated.

<sup>2</sup> Shifts of carriers from electric to line-haul railroad and other classifications and partial and complete abandonments have affected the decline by an indeterminate amount.

<sup>3</sup> After deducting payments to others for express privileges.

<sup>4</sup> Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

<sup>5</sup> Does not include motor carrier revenues of electric railways, included under electric railways.

<sup>6</sup> Includes switching and terminal companies.

<sup>7</sup> Revised national income. Source: U.S. Department of Commerce, *Survey of Current Business*, July 1968, and earlier issues.

Sources: 1947-66, Annual Reports of the Interstate Commerce Commission; 1947-56, I.C.C. Bureau of Transport Economics and Statistics, *Statistics of Class I, II, and III Motor Carriers, 1939-56*, Statement No. 589; and 1967, staff estimates. Air data from Civil Aeronautics Board; data cover operating revenues in domestic revenue operations only, including Alaska but not overseas, and do include the local Hawaiian line within those islands. Inclusion of Alaskan and Hawaiian data makes no perceptible difference in the chart.

during that period was 5.9 percent (in 1958 dollars), and the railroad industry actively participated in that growth. When national growth in 1967 dropped to 1.5 percent, the railroads suffered a setback.

Freight revenues of class I line-haul railroads<sup>22</sup> fell 1.7 percent to \$9.1 billion on a 2.6 percent decline both in tons carried and ton-miles produced. With passenger revenues down 10.7 percent in 1967, to \$485 million, total operating revenues of class I railroads were \$10.4 billion, off 2.8 percent from 1966. Operating expenses rose 1.0 percent in 1967 to \$8.2 billion. The operating ratio rose 2.9 percentage points to 79.1 percent.

As a result of these trends and the continuing decrease in railroad mail and express revenues, net income, before adjustment for extraordinary and prior period items, dropped 38.7 percent in 1967 to \$554 million, giving a net to gross ratio of 5.3 percent.

Of the three U.S. rail districts, only the southern showed a minor increase in gross revenues in 1967. Freight revenues were up 2.3 percent, but southern passenger revenues fell 12.1 percent.

The railroad labor force continued to shrink in 1967. The average number of employees dropped to 610,191, or 3.3 percent below the preceding year. Average compensation per employee was up 4.6 percent over 1966, an increase which exceeded the annual rise in the Labor Department's cost-of-living index.

After three consecutive yearly increases, railway equipment expenditures fell 26.6 percent in 1967 to \$1.1 billion. Additions and betterments to roads were \$374 million, off 6.2 percent from the preceding year. Total new capital investment decreased to \$1.5 billion, or 22.5 percent from the 1966 total.

Total operating revenue in the first half of 1968 increased 3.8 percent. Total operating expenses increased 2.7 percent to \$4.2 billion, compared with the first half of 1967. The operating ratio for the first six months of 1968 was 78.5 percent, which compared with 79.3 percent in the corresponding 1967 period. Net railway operating income increased 9.4 percent to \$355.4 million. Net income, before adjustment for extraordinary and prior period items, was \$275.8 million or 3.9 percent above the comparable period of 1967.

#### *Motor Carriers—Property*

Class I intercity motor carriers of property<sup>23</sup> continued to show an increase in operating revenues moving up 1.6 percent from \$7.9 billion (reported by 1,155 carriers in 1966) to \$8.0 billion (reported by 1,194 carriers in 1967). The operating ratio changed from 94.47 percent in

<sup>22</sup> Operating revenues of not less than \$5 million a year.

<sup>23</sup> Annual revenues of \$1 million or more.

1966 to 96.41 percent in 1967, reflecting an increase in total operating expenses from \$7.4 billion to \$7.7 billion.

Net carrier investment in transportation property plus working capital continued its long term rise by increasing 3.4 percent above the 1966 figure. Net carrier operating income for the group was lower by 19.9 percent. The rate of return from transportation services was 15.07 percent compared with 19.47 percent in 1966. The decrease in net income, before adjustment for extraordinary and prior period items, was 32.0 percent compared with an increase of 12.8 percent in shareholders' and proprietors' equity. The ratio of net income to shareholders' and proprietors' equity in 1967 was 9.48 percent;<sup>24</sup> it was 15.72 percent in 1966.

Operating revenues of 95 class I local motor carriers of property were up by 12.8 percent in 1967 over the revenues of 91 carriers in 1966. Since operating expenses increased proportionately more, the operating ratio increased from 95.9 percent to 97.30 percent. Net carrier operating income registered a gain of 15.5 percent, but the ratio of this item to net investment in transportation property plus working capital decreased 12.54 percent in 1966 to 12.14 percent in 1967. The net income, before adjustment for extraordinary and prior period items, of these class I local carriers increased by 9.7 percent, and the ratio of net income to shareholders' and proprietors' equity in 1967 was 16.06 percent, compared with 17.09 percent in 1966.

#### *Motor Carriers—Passengers*

For the 12th consecutive year operating revenues derived from passenger intercity schedules increased for class I carriers, amounting to a \$3.0 million or 0.6 percent increase. Total operating revenues as shown by 172 carriers in 1967, compared with 166 in 1966, increased by \$20.6 million or 3.2 percent above those of 1966. The increase in revenues from charter or special services was 14.4 percent above the preceding year. Other operating revenues also continued to increase. Derived mainly from the handling of baggage and small parcels, these revenues increased by \$6.8 million or 8.3 percent. Passenger revenues from local and suburban schedules increased from those of 1966.

The operating ratio of the intercity carriers moved from 84.13 percent in 1966 to 88.24 percent in 1967. Net carrier operating income decreased from \$90.0 million in 1966 to \$77.9 million in 1967, while net investment in transportation property plus working capital went up by 6.8 percent. The ratio of net carrier operating income to net investment in transportation property plus working capital decreased

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<sup>24</sup> Differs from ratio of net income to shareholders' and proprietors' equity shown in app. G table. The 1967 ratio in the table in app. G was based on net income after adjustment for extraordinary and prior period items.



from 30.15 to 24.46 percent. Net income, before adjustment for extraordinary and prior period items, increased \$1.2 million or 5.5 percent from 1966. The ratio of net income to shareholders' and proprietors' equity declined from 18.14 percent in 1966 to 11.55 percent in 1967.<sup>25</sup>

On the basis of preliminary information for the first half of 1968, intercity passenger carriers showed a 4.4 percent increase in operating revenues and a 4.2 percent increase in operating expenses from the corresponding 1967 period. Net income increased to \$6.7 million.

Operating revenues from 81 class I local motor carriers of passengers in 1967 amounted to \$203.6 million or 21.2 percent, up from the \$168.0 million received by 75 carriers in 1966. Operating ratios for these carriers decreased slightly from 96.58 percent in 1966 to 96.56 percent in 1967. Net income for 1967, before adjustment for extraordinary and prior period items, was \$6.4 million, up 20.6 percent over the previous year. The ratio of net carrier operating income to net investment in transportation property plus working capital was 6.42 percent, down from 6.81 percent in 1966, and the ratio of net income to shareholders' and proprietors' equity was 8.12 percent, as compared with 7.64 percent in 1966.

### *Freight Forwarders*

Total operating revenues of 63 class A freight forwarders<sup>26</sup> were \$186 million in 1967, as compared with \$184 million reported by 61 carriers in 1966. Tons of freight and number of shipments received from shippers decreased 3.3 percent and 5.8 percent, respectively, in 1967. The decline of freight forwarder operations, despite the expansion in the economy, may have been due in part to increased trade competition as well as increased activities of shipper associations which consolidate shipments of members. As a result, the forwarders' net income, before adjustment for extraordinary and prior period items, decreased by 27.4 percent from 1966 to \$8.6 million in 1967.

Transportation revenues were down slightly in 1967, amounting to \$518.8 million, compared with \$526.8 million in 1966, a decrease of 1.5 percent. Transportation purchased was \$336.9 million, or 2.6 percent below that of the preceding year. Increases in income taxes, fixed charges, and other deductions reduced revenues from forwarder operations. The ratio of revenue, less taxes, from forwarder operations to net investment in transportation property plus working capital decreased from 80.5 percent in 1966 to 59.9 percent in 1967.

Quarterly reports filed by freight forwarders for the first half of 1968 indicated an increase of 6.4 percent in operating revenues. The

<sup>25</sup> See footnote 26, p. 78.

<sup>26</sup> Class A forwarders are those having average annual gross operating revenues of at least \$100,000.

operating ratio of 90.83 percent compared with 92.27 percent for the same 6 months of 1967. Revenues from forwarder operations, \$8.5 million, were 26.1 percent higher than in the first half of 1967. Net income for the period was \$3.3 million, 37.6 percent above the comparable 6 months of 1967.

### *Water Carriers*

Total waterline operating revenues of classes A and B carriers<sup>27</sup> by inland and coastal waterways decreased to \$296.1 million, 0.7 percent below the 1966 total of \$298.1 million. Freight revenues of \$215.9 million were 2.6 percent lower than the \$221.6 million reported for 1966, but passenger revenues rose to \$10.0 million, 5.8 percent more than 1966 revenues of \$9.4 million.

Waterline operating expenses also increased in 1967, rising 1.7 percent above those of the previous year, and the operating ratio rose from 85.35 percent in 1966 to 87.35 percent in 1967. Net revenue from waterline operations decreased to \$37.5 million, 14.2 percent lower than the \$43.7 million reported for 1966. Net income, before adjustment for extraordinary and prior period items, fell from \$31.5 million in 1966 to \$25.4 million in 1967, a loss of 19.6 percent. Waterline operations rate of return on net investment in transportation property plus working capital decreased to 14.04 percent, compared with 14.99 percent in 1966, while the ratio of net income to shareholders' equity, 11.28 percent,<sup>28</sup> was 1.17 percentage points lower than the 1966 ratio of 12.45 percent.

Preliminary reports for the first 6 months of 1968 indicate an increase in freight revenues, reflecting a corresponding rise in the number of tons carried. Although the number of revenue passengers carried decreased, passenger revenues increased 14.4 percent over the comparable period of 1967.

### *Pipelines*

Oil pipeline companies reporting to the Commission continued their upward production and revenue trends in 1967. Crude oil carried by trunkline systems advanced from 1.18 trillion barrel-miles in 1966 to 1.21 trillion in 1967. The movement of refined oil products by the product trunkline systems increased substantially, from 719.7 million barrel-miles in 1966 to 925.1 million barrel-miles in 1967, up 28.5 percent. Trunkline mileage operated in 1967 totaled 118,000, an increase of 2,200 miles.

<sup>27</sup> Class A carriers are those having average annual operating revenues exceeding \$500,000; class B carriers are those having average annual operating revenues exceeding \$100,000 but not more than \$500,000.

<sup>28</sup> See footnote 24, p. 77.

The companies received \$966.1 million in total operating revenues in 1967, up \$50.1 million or 5.5 percent from the preceding year. Operating expenses, amounting to \$545.4 million in 1967, were 5.8 percent above 1966. As a result, the operating ratio increased from the 56.27 percent reported in 1966 to 56.46 percent in 1967.

Net revenues from operations were \$420.7 million, a 5-percent increase over the 1966 total of \$400.6 million. Net investment in transportation property plus working capital, amounting to \$2.8 billion in 1967, was 4.7 percent greater than the \$2.7 billion reported in 1966. The ratio of net revenue from operations to net investment in transportation property plus working capital, which had been 14.84 percent in the previous year, was 14.89 percent in 1967.

Net income, before adjustment for extraordinary and prior period items, in 1967 amounted to \$256.0 million, representing a \$23.1 million or a 9.9 percent increase. The ratio of net income to shareholders' equity was 17.6 percent, up from 16.5 percent in 1966.

### SECURITIES

Security applications filed by railroads and motor carriers and their noncarrier parent companies under sections 20a and 214 totaled 173, seven more than the number filed last year.

Authority was granted to issue securities in the principal and par amount of \$518,242,794. Also 1,744,107 shares of no-par-value common stock were authorized. Motor carrier issues accounted for \$107,107,939 of the principal and par amount and 131,065 of the no-par-value shares. Corresponding figures for the previous year were \$192,278,167 and 755,687 no-par-value shares of which \$147,180,262 principal and par amount and 670,512 no-par-value shares were to be issued by motor carriers. No applications were filed under section 20b.

Authority was granted for the assumption of obligation and liability with respect to \$192,943,341, total principal amount of securities, of which \$138,585,000 was with respect to railroad equipment-trust certificates. The coupon rate of these certificates ranged from 5.75 to 6.5 percent, the selling price from 98.38 to 99.56 percent of the principal, plus accrued interest, and the interest cost ranged from 5.92 to 6.9985 percent. This year's low was 1.045 percentage point higher than last year's, this year's high was 0.9985 percentage point higher than last year's, and in general the trend was upward.

Three special applications for exemption from competitive bidding under the provisions of *In re Competitive Bidding in Sale of Securities*, 257 I.C.C. 129, were granted.



*Applications and petitions involving securities under secs. 20a and 214 of the  
Interstate Commerce Act*

	Filed	Decided
Applications of—		
Railroads or their noncarrier parent companies.....	57	63
Motor carriers or their noncarrier parent companies.....	116	100
Total.....	173	162
Petitions of railroads and motor carriers and their noncarrier parent companies.....	31	31

### DIVERSIFICATION

Carriers, especially railroads, continued to diversify their investments through the establishment of noncarrier holding companies. Exemplifying this movement were the Chicago & North Western, Illinois Central, Atchison, Topeka & Santa Fe, Missouri-Kansas-Texas, and Spector Freight System which established, respectively, North Western Industries, Inc., Illinois Central Industries, Inc., Santa Fe Industries, Inc., Katy Industries, Inc., and Spector Industries, Inc.

During the year we authorized the Greyhound Corp., a noncarrier holding company, to issue capital stock in exchange for the capital stock of taxicab corporations serving the Miami and Atlanta air terminals; Aircraft Services International, Inc., which, with certain subsidiaries, performs ground handling services for domestic and foreign commercial airlines in the United States, Puerto Rico, and the Virgin Islands; corporations which conduct sightseeing operations in the Miami area; and National Aircraft Catering Service, Inc., which performs catering service to airlines in the Miami area.

### RAILROAD REORGANIZATIONS

The modified plan for reorganization of the Boston & Providence Railroad under section 77 of the Bankruptcy Act, approved by the Commission on March 11, 1966, and by the court on November 21, 1966, has not yet been consummated. A petition under the provisions of 11 U.S.C. 208(a)(1) was filed with the court on April 22, 1968, by a stockholders group and referred to the Commission. The petition requests that the Commission recall the plan from the court in view of subsequent developments which were not provided for in the plan. The petition was denied.

The first step of the plan for reorganization of the New York, New Haven & Hartford Railroad Co. was approved by us and certified to the court. The second step is under active consideration. The New Haven is discussed earlier in this report in connection with the Penn Central merger, page 57.

No plan has been filed in the Central Railroad Co. of New Jersey reorganization.

The petition of the Tennessee Central Railway Co. was the only petition for reorganization under section 77 filed during the year. On February 5, 1968, the Commission ratified the appointment of a trustee for the carrier. The Commission, on April 25, 1968, issued a certificate and order permitting abandonment by the Tennessee Central of operations over its entire line of railroad.

As of June 30, 1968, the miles of lines owned by railroads in reorganization under section 77 and operated by them or by others were as follows: Boston & Providence 64 (leased to Old Colony RR. Co. and operated by the New York, New Haven & Hartford); Central Railroad Co. of New Jersey 1,420; New York, New Haven & Hartford 1,653; and the Tennessee Central Railway 285. As of the same date, in receivership proceedings, the Waco, Beaumont, Trinity & Sabine Railway Co. owned 18 miles of line, none of which was operated, and the Tennessee Railroad Co. owned and operated 57 miles of line.

### LOAN GUARANTY

The provisions of part V of the act as to new loan applications terminated June 30, 1963. All applications have been acted upon and proceeds of all guaranteed loans have been disbursed. During the year 10 petitions to modify the provisions of guaranteed loans were acted upon.

A total of 36 loan guaranty applications were filed. Loans in the principal amount of \$243,972,360 were guaranteed to 14 railroads and to the trustees of the New Haven Railroad, and of this amount \$1,500,000 was approved but not disbursed. Repayments totalled \$53,183,588 as of June 30, 1968, leaving unpaid balances of \$189,288,772 as of that date.

The two defaulted part V loans to the New Haven Railroad (in reorganization since July 1961), having unpaid principal balances of \$13 million and \$1,375,000, respectively, and accrued interest of \$300,740, were paid by the United States on October 2, 1961. In December of 1965, the court approved a settlement of the \$1,375,000 loan under which accrued interest was waived and the principal was to be paid in installments during 1966 and 1967. Payments totalling \$145,485 were made this year, leaving an unpaid balance of \$656,694 as of December 31, 1967, which under the said settlement became an administrative claim with an interest rate of 4.5 percent. However, under a subsequent agreement in December 1967, the Department of Justice waived interest payments under the said settlement for the 6 months ended June 30, 1968.

The two defaulted part V loans to the Central Railroad Co. of New Jersey (in reorganization since March 1967), having unpaid balances of \$12,375,000 and \$4,620,000, respectively, and accrued in-

terest of \$373,313, were paid by the United States on June 1, 1967. A total of \$402,921 was recovered this year from revenue derived from collateral securing these loans, leaving an unpaid balance of \$16,592,079.

*Loan guaranty applications approved*

Railroad	Number of appli- cations	Total amount guaranteed	Approved but not disbursed	Repay- ments	Unpaid balance June 30, 1968
Boston & Maine.....	5	\$9,000,000		\$4,766,667	\$4,233,333
Central of New Jersey.....	2	20,000,000		3,407,921	16,592,079
Chicago & Eastern Illinois.....	2	14,800,000		3,791,004	11,008,996
Erie-Lackawanna.....	1	15,000,000		1,500,000	13,500,000
Georgia & Florida.....	2	1,934,960	\$100,000	1,834,960	
Lehigh Valley.....	5	21,823,000		8,029,000	13,794,000
Missouri-Kansas-Texas.....	3	34,000,000		3,080,000	30,920,000
Monon.....	2	10,500,000		1,850,000	8,650,000
Penn Central (New York Central).....	1	40,000,000		16,500,000	23,500,000
New Haven.....	4	23,159,400		6,344,036	16,815,364
New Haven trustees.....	2	12,500,000			12,500,000
New York, Susquehanna & Western.....	2	855,000		480,000	375,000
Norfolk Southern.....	2	7,400,000		800,000	6,600,000
Pittsburgh & West Virginia.....	2	3,000,000	1,400,000	800,000	800,000
Reading.....	1	30,000,000			30,000,000
<b>Total.....</b>	<b>36</b>	<b>243,972,360</b>	<b>1,500,000</b>	<b>53,183,588</b>	<b>189,288,772</b>



## FREIGHT TRAFFIC LEVELS

● Latest statistics indicated total ton-miles held at high level but rail and water shares decreased slightly. Pipeline increase exceeded 8 percent and air ton-miles rose over 15 percent but still accounted for relatively small share of the market.

● Railroad share of the intercity ton-mile total was smallest on record.

Total public and private ton-miles in intercity service held at a high level, as shown in the following table, with only a slight increase in 1967 over 1966. Rail and waterborne traffic decreases of 2.6 and 2.3 percent, respectively, were countered by a highway increase of 2.0 percent and a pipeline increase of 8.5 percent. The air ton-miles increased by over 15 percent, but the amount was only about a third of a billion ton-miles. The truck lockout in April 1967 and the work stoppage involving the rail shopcraft unions in July, both nationwide, may have affected the distribution of traffic among the modes.

Revisions in the water carrier data raised the previous estimate of 265 billion to 280.527 billion ton-miles for 1966. The 1967 estimate, lower than the 1966 figure, is still higher than in previous years. The 1967 rail revenue ton-mile total is higher than any recorded, except in 1943, 1944, and 1966. The 1967 oil pipeline, motor vehicle, and air ton-miles all attained new records.

Shifts in shares were not extensive; railroads and water carriers lost while the other three modes gained. Despite the relatively high rate of rail activity, the rail share in 1967 was the smallest on record because of the attainments of other modes.

The quantitative and relative shares of the modes of intercity transport are shown at page 139 in the chart "Intercity ton-miles, public and private, by kinds of transportation, 1949-67." The generally upward trend in total stands out, though with year-to-year decreases in 1949, 1952, 1954, and 1958. Numerous successive records were attained by pipelines (oil) and motor carriers of property. Airlines also established many new records in the period. On page 140, a comparison chart, "Indexes of intercity ton-miles, industrial production and gross national product (less services), 1939-67," shows the rough relationship between these factors, although the index of ton-miles includes imports, agricultural products, and household goods movements not in industrial production; also the ton-mile index omits elements produced but not transported, included in gross national product.

*Intercity ton-miles, public and private, by kinds of transportation, 1966 and 1967*<sup>1</sup>

Agency	1966	1967	Percent change	Percent of grand total	
				1966	1967
	<i>Millions</i>	<i>Millions</i>			
1. Railroads and electric railways, including express and mail.....	750,762	731,215	-2.60	42.97	41.61
2. Motor vehicles.....	380,917	388,500	+2.00	21.80	22.11
3. Inland waterways including Great Lakes.....	280,527	274,000	-2.33	16.05	15.59
4. Pipelines (oil) <sup>2</sup> .....	332,916	361,041	+8.45	19.05	20.54
5. Airways (domestic revenue service) including express, mail, and excess baggage.....	2,252	2,592	+15.10	0.13	0.15
Grand total.....	1,747,374	1,757,348	+0.57	100.00	100.00

<sup>1</sup> Some revisions have been made in the data presented in the 81st Annual Report, and most of the 1967 data are still preliminary. Alaska and Hawaii are included.

<sup>2</sup> Includes refined products and crude oil, with an allowance for gathering lines.

Sources (paragraphs are numbered to correspond with items in table):

1. Reports to the Interstate Commerce Commission. Ton-miles of electric railways are estimated on the basis of revenues and reports of some carriers. Does not include nonrevenue ton-miles which amounted to 11,182,000,000 in 1966 and 10,833,000,000 in 1967 for class I railroads.

2. Highway ton-miles estimated on the basis of Bureau of Public Roads data for main and local rural roads, mileages of vehicles in urban and rural areas, and Department of Agriculture data on farm consumption. Data are comparable with Statement No. 6103, *Intercity Ton-Miles, 1939-59*, and in the November-December 1967, *Transport Economics* for 1959-66.

3. Ton-miles are from the Corps of Engineers, U.S. Army. Data for 1966 are revised; data for 1967 are preliminary estimates. Only ton-miles in domestic waters as defined by the Coast Guard are included herein. Does not include deep-sea coastwise and intercoastal ton-miles outside U.S. waters as defined by the Coast Guard.

4. Interstate Commerce Commission, Bureau of Mines, and other data.

5. Based on Civil Aeronautics Board statistics.

## TON-MILES OF FEDERALLY REGULATED AND OTHER CARRIERS

The accompanying table compares ton-miles of federally regulated carriers<sup>29</sup> with ton-miles of federally unregulated carriers in 1966.

Each type of carrier, in total, attained new traffic records in 1966. The railroads, the largest single category and completely regulated, surpassed for the first time their World War II peaks. The 71.0 billion ton-miles of regulated water carriers exceeded the 1965 figure of 59.8 billion. Oil pipelines showed approximately the same proportion of federally regulated ton-miles as in 1965.

<sup>29</sup> Ton-miles in the "federally regulated" categories cover all ton-miles by carriers subject to ICC economic regulation. Traffic otherwise exempt because intrastate, under the commodity exclusions for water carriers, etc., is included if by regulated carriers. Water carrier ton-miles shown as federally regulated are based on the reports of class A and B carriers and an estimate for class C. The data for "foreign" traffic represents movements in U.S. waters between U.S. and foreign ports. A small amount of Pacific coast and Great Lakes traffic by ICC carriers is in this category but it is so small that the "foreign" ton-miles are shown separately in the table and not divided between federally regulated and other. The water carrier data include ton-miles in deep-sea coastwise and intercoastal service which have been excluded from the table of intercity ton-miles above to the extent they are outside domestic waters as defined by the Coast Guard.

*Federally regulated and total intercity ton-miles, 1966, by type of service <sup>1</sup>*

Type	Federally regulated <sup>2</sup>		Not federally regulated		Total	
	Billions	Percent	Billions	Percent	Billions	Percent
1. Rail.....	750.8	100.0	0	0	750.8	100
2. Motor <sup>3</sup> .....	(*)	(*)	(*)	(*)	380.9	100
3. Water <sup>4</sup> .....	71.0	14.0	436.1	86.0	507.1	100
4. Pipelines (oil).....	285.9	85.9	47.0	14.1	332.9	100
5. Air.....	2.3	100.0	0	0	2.3	100
Total.....	(*)	(*)	(*)	(*)	1,974.0	100
Water traffic in U.S. waters with 1 foreign and 1 U.S. terminus, termed by engineers as "foreign" (not divided between regulated and other).....					57.9	100
Grand total.....					2,031.9	100

\*Not available.

<sup>1</sup> Some variance appears in totals because of rounding.

<sup>2</sup> Includes ton-miles by rail, by vehicles of class I-III intercity common and contract motor carriers, by pipelines (oil) subject to ICC regulations, and reported carried by class A and B water carriers plus an estimate for class C water carriers, and air ton-miles subject to regulation by the Civil Aeronautics Board.

<sup>3</sup> Preliminary.

<sup>4</sup> Includes coastal, inland waterways, intercoastal and Great Lakes traffic, but not water traffic in U.S. waters with 1 foreign and 1 U.S. terminus, except for a very minor part of the ton-miles reported by ICC carriers.

Sources: Items 1, 2, 4, and 5 same as in preceding table on ton-miles, plus other ICC data, and Item 3, federally regulated from reports of class A and B carriers to ICC and estimates for class C, and total from Department of the Army, Corps of Engineers, *Waterborne Commerce of the United States, Calendar Year 1966, Water Carrier Ton-Miles, Supplement 2 to Part 5, National Summaries*, p. 5.



## ENFORCEMENT

With the transfer of safety functions to the Department of Transportation last year, this was the first full year in which our enforcement effort was devoted solely to economic matters. Record fines and forfeitures were obtained.

- Total penalties on sugar cases under Elkins Act mounted to \$428,000.

- Penalties of \$350,000 obtained in a unit train case handled under new civil claims procedures.

- Court injunctions used increasingly to obtain compliance.

- Unauthorized motor carriage and unlawful credit extension by carriers still presented troublesome enforcement problems.

- Unlawful activities by purportedly exempt agricultural cooperatives persisted.

## PURPORTED EXEMPTIONS

### *Agricultural Cooperatives*

The Commission continued to face difficult enforcement problems arising from section 203(b)(5) of the act which exempts from economic regulation motor vehicles controlled and operated by agricultural cooperative associations.

In *Agricultural Transportation Association of Texas v. United States*, 274 F. Supp. 528, a district court delineated rules for classification of membership and nonmembership revenue and defined "farmer," all of which are critical factors in determining the validity of operations under the exemption.

A district court further defined "member business" as that done for members and related to their farming activities, *I.C.C. v. All American Association*, 281 F. Supp. 18. It found that a member, in operating a packinghouse or canning plant, is not engaged in farming; and that transportation of processed products for packinghouses registered as members is not "farm member business" within the meaning of the exemption. The court also held that non-member transportation must be incidental to the primary farm service of the association and necessary to equalize or prevent economic losses from otherwise one-way use of vehicles for member traffic. The *All American Association* case thus clarified somewhat the *ATA of Texas* case, *supra*.

In *Munitions Carriers Conference, et al. v. American Farm Lines, et al.*, 1968 Fed. Carr. Cas., 81,993, in which the Commission inter-

vened, a district court restrained the defendants from transporting nonfarm, nonmembership traffic, except to avoid having an empty vehicle on the way to or from a shipment for members of the association. In a companion case, the court also restrained the same defendants from transporting explosives for the Federal Government unless the transportation was in connection with the movement of member traffic in the reverse direction.

In *I.C.C. v. Murphy Cooperative*, a district court enjoined defendants' activities where the cooperative was not operated and controlled by farmers for their mutual benefit as agricultural producers, but was operated for the benefit of the individual defendants as motor carriers in the conduct of a general transportation business. In a related case, upon the complaint of four authorized motor carriers, a district court found certain individuals involved in the Murphy Cooperative in contempt of the court's previously granted injunction order.

#### *Shipper Associations*

In the U.S. District Court, Southern District of Florida, the Commission obtained an injunction against Georgia-Florida Shippers Association, Inc., a Florida nonprofit corporation, and one of its officers. This association purportedly consolidated and transported freight, pursuant to the exemption of section 402(c)(1), for its shipper-members, all carpet distributors located in south Florida. The Bureau relied upon the precedent case, *Shippers Cooperative, Inc. and Pier-son-Corn Inc. v. I.C.C.*, 308 F. 2d 888, to sustain its position that such an arrangement was for-hire motor carriage, and not exempt under parts II or IV of the act.

#### *Shipper Agent*

In *Genex Terminal Company, Investigation of Operations*, the Commission by order of November 30, 1967, approved and accepted an offer of settlement in which Genex admitted unauthorized operations as a freight forwarder in violation of section 410 of the act, and agreed to a Commission cease and desist order.

This was the third successful enforcement action in the Midwest during the current year against unauthorized freight forwarders, purportedly operating under the exemption of section 402(c)(2) for warehousemen and other shippers' agents. The others were (1) Wesco Consolidators, Inc., and Sy Levitus, and (2) Trailer Train, Inc.

#### *Incidental-to-Air Carriage*

Air transportation of freight and motor carrier transportation of shipments to and from the air carriers has steadily increased. Section 203(b)(7a) of the act exempts the transportation of property by motor vehicle when incidental to transportation by air. To be exempt the

shipment must move on a through air bill of lading covering in addition to the line-haul movement by air, the collection, delivery, or transfer service performed by the motor carrier.

A number of cease-and-desist orders were issued by the Commission to limit motor carriers engaged in operations under this exemption to those properly within section 203(b) (7a) and a number of others resulted in court enforcement action.

## REBATE AND CONCESSION CASES (ELKINS ACT)

### *Sugar Cases*

Fines and forfeitures now aggregating \$428,758 have been collected in a series of rebating cases involving both rail and water transportation of sugar shipments in the Midwest. The first group of these cases, noted in the previous annual report, produced fines of \$341,500, and involved rebates based on fictitious split deliveries of sugar. Similar cases concluded this year at Chicago, resulted in the imposition of fines totaling \$77,101 and a civil claims settlement of \$10,157.

### *Unit Train Case*

A \$350,000 civil forfeiture was collected from Dow Chemical Co. pursuant to the Federal Claims Act, for some 60 violations of the Elkins Act. This is the largest sum ever paid, either as a fine in a criminal prosecution or as a forfeiture in a civil suit, for violations of the Elkins Act or the Interstate Commerce Act, and was the largest settlement completed by any government agency under the Federal Claims Collection Act of 1966.

The civil forfeiture claims arose when Dow Chemical Co. allegedly obtained the rail transportation of coal in trainload volume from mines in Ohio to Midland, Mich., at less than published tariff rates. Some of the rates were subject to a minimum volume of 6,000 tons per trainload and to the receipt, during a 12-month period, of not less than 900,000 tons of coal. During one 12-month period Dow received only a little more than a third of the required tonnage. By the terms of the tariff if the required annual tonnage was not received, the single-car rates became applicable on all of the tonnage during the 12-month period. The single-car rates were 85 cents per net ton higher than the trainload rates.

### *Credit Violations*

Fines for extension of credit on freight charges for prolonged periods in violation of the Elkins Act and the Interstate Commerce Act were levied against the Fort Worth & Denver Railway Co., the Baltimore & Eastern Railroad, Otis Feed Co., the Boston & Maine Corp., Illinois Central Railroad Co., Bunge Corp., and Chicago Great Western Railroad. Claims were collected pursuant to the Federal



Claims Collection Act of 1966 for violation of the Commission's credit order in Ex Parte No. 73 by the Baltimore and Ohio Railroad Co., the Delaware and Hudson Railroad, and the Chesapeake & Ohio Railway.

In refusing to grant certiorari, in *Denver & Rio Grande Western Railroad Co. v. U.S.*, 391 U.S. 919, the Supreme Court left the Commission with its right to enforce its Ex Parte No. 73 credit order under the \$5,000 forfeiture provisions of section 16(8) of the act.

The Illinois Central Railroad Co. and Bunge Corp. were fined \$5,000 each by a district court for excessive credit on car-detention charges in violation of the Elkins Act. The failure of the railroad to collect and the shipper to pay these charges for a 7-month period resulted in the equivalent of a \$100,000 interest-free, short-term loan of carrier working capital to the shipper.

The Commission is observing new centralized and computerized rail freight billing procedures to determine the ability of the carriers to comply with existing credit regulations.

The importance of freight charge credit enforcement is often overlooked because it is not weighed in terms of carrier operating capital. However, when some rail carriers petitioned the Commission for extension of the previous 96-hour credit period to the present 120 hours, other carriers opposed the extension, indicating that an additional 24 hours would require carriers to increase working capital from \$34 million to \$87,042,146.

#### *Devices Used by Shippers and Carriers*

The Pennsylvania Railroad was fined \$8,000 and the Chesapeake Corp. of Virginia was fined \$5,000 in a case involving fictitious motor carrier transportation under which Pep Trucking Co. was paid for tractor-trailer service which it did not perform. These Elkins Act cases were related to the case against Pep Trucking reported in the 81st Annual Report. Pep Trucking applied the railroad's payments to reduce the shipper's actual local-delivery cartage costs and, thus, the rebate reached the shipper.

The Pennsylvania Railroad also was fined \$40,000 for granting concessions by a number of devices to Revlon, Inc., a cosmetic company. The railroad collected less than its published detention charge applicable to the shipments, applied the lower plan II piggyback rates for released-value shipments, although Revlon had not declared a limited liability, and applied plan III rates, knowing that the shipments did not qualify. Revlon, and its subsidiary, Knomark, Inc., as reported in the 81st Annual Report, previously had been fined \$25,600 for their participation.

In New Jersey, Hudson Cush-N-Form Corp. was fined \$15,000 for falsely billing shipments of polyurethane foam as rubber foam

or latex whereby it obtained a lower rate from the railroads and freight forwarders and was able to sell its products at a price competitive with those of local companies in the California market area.

The payment of a \$26,000 fine by Union Petroleum Co. on November 22, 1967, at Muskogee, Okla., marked the end of two and a half years of Elkins Act litigation through a district court, the 10th Circuit Court of Appeals, and denial by the Supreme Court of a writ of certiorari (376 F. 2d 569, cert. den. 389 U.S. 838). The Government had charged Union with accepting concessions through the device of claiming and receiving an inapplicable rail transit rate. The court of appeals decision pointed out that Union's entire profit on the sale of propane gas resulted from its evasion of the applicable local freight rate.

The Norfolk & Western Railway Co. was fined \$5,000 upon its plea of *nolo contendere* to five counts charging violations of the Elkins Act. The Norfolk & Western, successor to the New York, Chicago & St. Louis Railroad (Nickel Plate), was charged with granting rebates and concessions to the Delaware Trucking Co., Inc., of Muncie, Ind., on carload shipments of newsprint consigned to a Muncie newspaper. The trucking company, as agent for the Nickel Plate, performed free local delivery of incoming newsprint shipments hauled direct from boxcars to the printing plant. The carrier's tariff excluded free delivery on shipments first stored in a warehouse, but the trucking company transported such shipments from storage in its own warehouse to the newspaper press building and collected charges for such transportation from the Nickel Plate. Subsequently, Delaware Trucking Co., Inc., also was fined \$5,000 after entering the same plea to five counts arising out of the same violations.

Wesco Consolidators, Inc., was fined \$4,000 following its plea of guilty to four counts of false billing of weights on plan IV piggyback shipments in violation of the Elkins Act. The false billings by the freight consolidator occurred before the Bureau of Enforcement obtained an injunction against Wesco's unauthorized freight-forwarding operations in September 1967.

The Seaboard Coast Line Railroad was fined \$20,000 in the U.S. district court at Tampa, Fla., following its plea of "no contest" to 20 counts charging the granting of concessions through the device of failing to assess and collect applicable demurrage charges, in violation of the Elkins Act. At the same time the shipper, International Minerals & Chemical Corp., upon its plea of "no contest" to 10 counts, was fined \$10,000 for receiving such concessions.

#### FEDERAL CLAIMS COLLECTION ACT

To implement the Federal Claims Collection Act of 1966 (31 U.S.C. 951, et seq.), the Commission issued a regulation effective August 1,



1967, relating to the administrative collection of enforcement claims. The Director of the Bureau of Enforcement was authorized to proceed on, settle, compromise, suspend, or terminate all enforcement claims of \$20,000 or less. By the end of the fiscal year, there were 252 motor carrier and forwarder enforcement actions instituted under this procedure. From August 1967 to June 30, 1968, 142 were settled by forfeiture claims amounting to \$164,325. Of the eight railroad-related enforcement actions instituted under this procedure during the same 11-month period, seven were settled by forfeitures amounting to \$387,157.

The most frequent use of Commission settlement procedures for civil forfeiture claims has been in connection with unauthorized motor carriage. They are also useful for railroad credit extension cases. The largest claims handled concerned the unit train matter involving the Dow Chemical Co. mentioned earlier. The purpose of the procedure is to relieve court congestion and to give those against whom the Commission can make a claim an opportunity to negotiate and settle before the matter is advanced to a court case. Whenever settlement is no longer a reasonable prospect, a court proceeding is instituted through referral by the Commission to the Department of Justice or to U.S. attorneys.

Racial discrimination in the seating of rail passengers caused the Santa Fe Railway to pay a \$5,000 forfeiture claim, the largest dollar amount ever paid under any provisions of the Interstate Commerce Act for such a practice. The forfeiture was collected by the Commission for violations of the Commission's order in *National Assn. for A.O.C.P. v. St. Louis-S.F. Ry. Co.*, 297 I.C.C. 335. In the NAACP proceeding, the Commission held "That the practices \* \* \* of assigning or directing Negro interstate passengers to coaches or portions of coaches designated or provided for the exclusive use of such passengers \* \* \* subject Negro passengers to undue and unreasonable prejudice and disadvantage in violation of section 3(1) of the act," and issued a cease-and-desist order against the respondents, including the Santa Fe Railway. The Commission claims in the *Santa Fe* case were based on allegations that, on July 10, 11, and 12, 1966, the Santa Fe was assigning adjacent seats, on its "Super Chief" eastbound from Los Angeles, to passengers on a segregated basis according to their race, and accomplishing this through a reservation code by which the train reservations of Negro persons were designated "Patron" or "P."

## COURT INJUNCTIVE PROCEDURES

### *By the Commission*

Increasingly, the Commission is making extensive use of court proceedings looking to civil injunctions against those violating the Inter-



state Commerce Act. One unique case of this type involved Gilbert Plastics, Inc., a New Jersey plastics manufacturer, and a number of motor carriers serving that company. The effort here was to obtain an injunction under section 222(b) to restrain a shipper from the future use of any unauthorized carriage rather than the use of the services of particular carriers. A permanent injunction was granted by a court in New Jersey enjoining Gilbert Plastics, Inc., from utilizing any unauthorized for-hire motor carriers to transport its goods in interstate commerce. The court also entered permanent injunctions against more than a dozen motor carriers who had been transporting the shipper's goods without authority from the Commission.

Kenmore Transportation Co. was permanently enjoined from performing unauthorized operations after that carrier, on a number of occasions, had been fined for noncompliance which apparently had little effect on its willingness to comply. The permanent injunction has a continuing effect and can sometimes be more effective than the imposition of a fine which, when paid, marks the termination of the proceeding. Similarly, a permanent injunction was entered against Robert L. Wilkinson, who had been prosecuted on three occasions for unlawful transportation, and had been fined a total of \$12,250.

### *Self-Help*

Under section 222(b) (2) of the act, parties showing they are affected by unlawful operations of competitors can now bring actions themselves.

The U.S. Court of Appeals for the Eighth Circuit affirmed the granting of a temporary injunction against Baggett Transportation Co. for improperly tacking separate portions of its operating authority, which is subject to a restriction against joinder. The decision was of special interest since it upholds the jurisdiction of the Missouri district court, from which the case was appealed, to enter the injunction, despite the pendency of a separate proceeding in a three-judge district court in the northern district of Alabama restraining the effectiveness of a Commission cease-and-desist order directed against Baggett for the same unlawful operations. The Eighth Circuit Court also ruled that the Missouri district court had jurisdiction by reason of the fact that the Commission did not file a notice as provided in section 222(b) (3), although such a notice had been filed in another action brought against Baggett by a carrier. The effect of this ruling is that the Commission may defer to the court and allow it to determine the issues, or the Commission may cause the court proceeding to be stayed by the filing of such a notice in order that the Commission may determine the issues involved. 393 F. 2d 710.

### ***Contempt Actions***

A court order enjoining particular unlawful activities is valuable because, when violated, it can provide the basis for an action for contempt of court.

A significant motor carrier insurance case was concluded this year. A district court fined Massie Transportation Co., Inc., and its treasurer \$1,500 each for criminal contempt of an injunction against the common carrier's performance of transportation without having evidence of insurance on file with the Commission.

In a criminal contempt action, a district court fined an individual \$1,000 for engaging in for-hire transportation of canned goods in violation of an injunction previously entered in October 1965. In another criminal contempt action, a court fined an individual \$1,000 and sentenced him to 10 days in prison for engaging in for-hire transportation of property and for failing to allow inspection of his records in violation of a prior injunction entered in January 1965.

Contempt actions resulted in jail sentences for two defendants. At Salt Lake City, one was sentenced by a district court to 20 days' imprisonment for criminal contempt for not complying with two of the court's prior injunctive orders, which restrained the defendant from engaging in operations as a broker of motor carrier transportation without a permit. The defendant had previously been held in civil contempt of one of the prior injunctions and had been fined \$700. The U.S. Court of Appeals for the District of Columbia affirmed the district court's<sup>30</sup> sentencing of another defendant to 75 days' imprisonment after he had been found guilty of contempt for not complying with the court's prior injunctive order restraining him from transporting or arranging for the transportation of driveaway vehicles without holding appropriate authority from the Commission. Certiorari was denied by the Supreme Court.

### **UNAUTHORIZED OPERATIONS**

#### ***Auto Driveaway***

In a criminal contempt action in Miami, which involved an unauthorized driveaway operator previously enjoined, *U.S. v. Chester Krellenstein*, the Commission was upheld in its contention that advertising driveaway service in a fraternity magazine of limited circulation, of itself, violated the terms of an injunction enjoining the defendant "from in any manner or by any device, directly or indirectly, transporting or arranging for the transportation of property by motor vehicle in driveaway service. \* \* \*" The defendant was found in contempt and fined \$300. In default of payment, the defendant would have been imprisoned for 90 days or until the fine was paid.

<sup>30</sup> See p. 73, 81st Annual Report.

The Miami Herald has adopted a policy of accepting "ship-a-car" advertising only from ICC certificated driveaway operators. The same policy has been adopted by the other large Miami paper, the Miami News. Following their lead, the Fort Lauderdale News and the Pompano Beach Sun Sentinel, the two largest newspapers in Broward County, adopted a similar policy. Thus, the major source of business for unlawful operators in the largest south Florida counties has been cut off.

The U.S. District Court for the Eastern District of Michigan imposed the maximum fine of \$500 on each of six counts for a total fine of \$3,000 against a defendant who engaged in the for-hire transportation of automobiles in driveaway service without holding authority from the Commission. The court required payment of \$2,000 of the fine and placed him on probation for 2 years. The Commission was successful in obtaining a permanent injunction against an individual, doing business as Insured Auto Driveaway, Auto Driveaway Service, Insured Driveaway System, and AAA Auto Driveaway Agency, restraining him from further unlawful driveaway activities. Subsequently, the defendant placed ads in a Tucson, Ariz., newspaper, soliciting driveaway business, but when the newspaper was advised of the injunction, it cooperated with the Commission by refusing to accept further such ads.

#### *Gray Area*

In a case illustrating that a shipper may be prosecuted as the principal violator, Kelly Hardwood Corp. was fined as an aider and abettor, without the unauthorized carrier being named as a defendant. The shipper, who had been warned previously, sought out an individual to perform the unauthorized transportation and provided some camouflage to claim that the transportation was performed as private carriage with leased equipment.

On May 15, 1968, division 1 denied respondent's petition for reconsideration in No. MC-C-2520, *Shelby Biscuit Company—Investigation of Operations*, 106 M.C.C. 79, which found Shelby's operations to be those of a for-hire carrier. The proceeding, dealing with the unlawful transportation of sugar on a buy-and-sell basis, was instituted by the Commission in 1959. Twice it has gone through all the appellate steps within the Commission, and once it was appealed to a three-judge court. The recent denial for reconsideration has again been judicially appealed.

In *Casale Car Leasing*, 385 F. 2d 707, the Court of Appeals for the Second Circuit reversed a judgment of conviction for unlawful contract carriage. The narrow issue before the court was whether the district judge submitted the case to the jury under proper instruction. The court held that the charge, which was to the effect that the



standard for contract carriage is met by any corporation which assumes the responsibility for furnishing motor vehicles to a shipper and itself employs the drivers of those vehicles, was not an adequate statement of the law. The court specifically noted that, in reversing the decision, it intimated no view concerning the sufficiency of the evidence in the light of the *Drum* criteria, and it was not deciding whether the Commission would be justified in issuing a cease-and-desist order.

### General

In Maine, C. S. Stuart, Inc., pleaded guilty and was fined for fraudulently seeking to evade and defeat regulation by means of preparing and issuing fictitious bills of lading showing the transportation of race horses within its authorized territory, although they were transported to and from points beyond the territorial scope of its certificate.

Division 3 denied an application in *Pals Transfer, Inc.*, 104 M.C.C. 396, and found that the applicant was not entitled to register its intrastate authority because it lacked the qualifications required by the provisions of section 206(a) (7). In addition, a cease and desist order was entered requiring all operations in interstate or foreign commerce by that carrier to be discontinued "for the future."

Under this decision, the failure to meet the qualifications of section 206(a) (6) and (7) operates as an automatic invalidation of the certificate of registration from and during the time when the disqualification occurs. Such invalidation is effective without the necessity of proceeding under the suspension and revocation provisions of section 212(a). The decision concludes, moreover, that the invalidation is in fact permanent, rather than being limited to the period (and terminating upon removal) of the disqualification.

### MOTOR CARRIER CREDIT EXTENSION

A criminal information was filed in the U.S. District Court for the District of Massachusetts against Hemingway Transport, Inc., charging it with unlawfully extending credit in violation of the Commission's regulations governing the extension of credit to shippers. The defendant filed a motion to dismiss the information on the grounds that the information did not state an offense which exposes a motor common carrier to penal sanctions. It relied upon *U.S. v. General Expressways, Inc.*, 270 F. Supp. 115, and *U.S. v. Ligon Special Hauler, Inc.*, U.S. District Court for the Western District of Kentucky at Owensboro, 5890. On June 20, 1968, the court denied the motion. The court did not prepare a written opinion to support its ruling, but it will be helpful in dispelling the problems caused by the *General Expressways, Inc.*, and the *Ligon* cases in enforcing the Commission's credit regulations against motor common carriers.

Recently, the Commission presented a reply brief to the U.S. attorney for the eastern district of North Carolina for filing in the case of *U.S. v. Eastern Motor Lines, Inc.* The brief responds to the defendant's brief in support of its motion to dismiss an information charging it with violations of the Commission's credit regulations. The outcome of this decision may also affect enforcement of the credit regulations to a significant degree.

### FINANCIAL CONTROL

In *Red Arrow Securities Corporation—Investigation of Control*, 104 M.C.C. 265, the question arose as to whether an established interstate motor carrier may form a separate corporate "shell" to purchase a small motor carrier, and thus bring the purchase transaction within the exemption of section 5(10). On July 20, 1967, division 3 found that the gross operating revenues of the small carrier and the established motor carrier rather than the "shell" are to be counted, and that the transaction is exempt only if the amount is under \$300,000.

In *The Greyhound Corporation and Greyhound Lines, Inc.—Investigation of Control—Oklahoma Transportation Company, Mid-Continental Coaches, Inc., and Southwest Coaches, Inc.*, embraced in 104 M.C.C. 524, division 3 found Greyhound in violation of section 5(4) for having unlawfully acquired certain carriers, and, more significantly, in the same transaction for violating section 7 of the Clayton Antitrust Act. The respondents were required to cease and desist from the violations and to divest themselves of the unlawful control.

Overland Express Ltd. and Twin County Transport, Inc., were charged with effectuating common control over two motor carriers without Commission approval in violation of section 5(4) of the act. Upon pleas of guilty by both carriers, the court imposed fines of \$5,000 upon Overland, the controlling carrier, and \$2,500 upon Twin County, the acquired carrier. Both were required to take steps to terminate the continuing violation of section 5 within 90 days.

### ENFORCEMENT TRENDS

Enforcement activity involving water carriers resulted in the unanimous opinion of a three-judge court in *Mississippi Valley Barge Line Co., et al. v. United States*, 273 F. Supp. 1, in which Pittsburgh Towing Co., and Edmund D. Osbourne and any of their alter egos, were enjoined from using water carrier certificate No. W-364. The court also enjoined the holder of the certificate, and the executor and executrix of the estate of Charles Zubik, from allowing such use. In the first case to proceed to hearing under section 312a since its enactment on September 6, 1965, *John J. Mulqueen Contract Carrier Application*, 332 I.C.C. 389, division 1 ordered the water carrier to reinstate service

or face revocation proceedings for dormancy. No operations had been conducted for approximately 14 years.

A civil injunction action was begun in Kansas against Johnson County Suburban Lines, Inc., and Midwest Buslines, Inc., and a temporary restraining order was entered requiring the defendants to continue passenger operations covered by the certificate of Johnson County Suburban Lines, Inc. This action, the first of its kind, was taken because of the elimination of all passenger operations between Kansas City, Mo., and points in Johnson County, Kans., and the numerous complaints from the commuting public. The defendants sought to have the restraining order quashed but their motion was denied. In the meantime, Johnson County Suburban Lines, Inc., filed a request for the revocation of its operating authority, but restored service to a limited extent on the main routes between Kansas City, Mo., and Kansas suburbs. This was the first time a court order had been obtained to compel a motor carrier to continue authorized passenger operations. The request to have the court require these operations was based upon the concept that they constituted only a portion of the operations controlled and conducted by the parent corporation, Midwest Buslines, Inc.

Continued intensive enforcement attention is being given to the "small shipments" or carrier service problem.<sup>31</sup> In addition to the Bureau of Enforcement's participation in application and other cases, certain court actions are coming into use.

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<sup>31</sup> See also p. 39.



## ADMINISTRATION AND PROCEDURES

- Procedural changes helped cut the number of pending cases by 844 during 1968.

- Procedures established for examination of Commission records under provisions of new public information law.

- Budgetary restrictions resulted in elimination of 74 staff positions.

- Cost reduction program emphasized at all levels of Commission operation.

- Paperwork reduction actions eliminated 800,000 pages of reports.

- Conversion to third generation computer aided production and procedural analysis.

- Headquarters employees representation broadened through union actions.

- ICC unit of Executive Reserve expanded to 862 members.

- Forty-six Federal-State cooperative agreements signed for the purpose of aiding highway enforcement of economic laws.

Although no major organizational changes were undertaken during the year, the Commission continued to make internal adjustments in its established structure and to refine its operations to meet the impact caused by the transfer of safety functions and staff to the Department of Transportation in 1967. Budgetary restrictions imposed upon the Commission necessitated elimination of the railroad waybill sample program along with reductions in the field enforcement and railroad car service programs.

## CASELOAD

The past year saw a continued reduction in the number of pending cases. At the start of the year, there were 6,108 cases on hand. At the end of the year, this figure was 5,264, a reduction of approximately 13 percent. This significant decrease in the pending docket was obtained without staff increase. The cases processed contained an increased proportion of unusually complex issues. Many required large expenditures of manpower. Among these were the large merger cases, the general rate increase cases, and the passenger train discontinuance cases.

The procedural changes instituted during recent years resulted in a change in the character of motor carrier application cases. Fewer cases are discontinued for lack of prosecution. Many cases now are actually the consolidation of numerous operating authority requests

into a single application. Substantially more time and effort is required to process and dispose of these consolidated applications.

### PROCEDURE AND PRACTICE

The Commission's regulations as published in title 49 of the Code of Federal Regulations were redesignated and renumbered as part of a general reissuance of the title, which was necessary to accommodate the regulations of the Department of Transportation. The Commission's restructured regulations appear in the volume containing parts 1000 et seq., of the January 1, 1968, revision of 49 CFR.

To implement Public Law 89-882, rules relating to practice before the Commission were amended to provide that a member in good standing of the bar of the highest court of any State, possession, territory, commonwealth, or the District of Columbia may represent others before the Commission upon filing a written declaration with the Secretary that he is currently qualified.

In accordance with the public information section of the Administrative Procedure Act, 5 USC 552, the Commission promulgated regulations in 49 CFR 1001 listing Commission records available for public inspection. Procedures were established for inspection of other records not deemed to be of a public nature. Such requests are handled by the Secretary. Appeal from a denial of access may be made to the Chairman. In further implementation of this act, the Commission set up indexed files of its nonprinted decisions. These files are available to the public for locating cases cited as precedents in later Commission decisions.

The General Rules of Practice were brought up-to-date and will be republished as a loose-leaf edition so that they may be kept current by inserting replacement pages whenever revisions occur.

At the request of the Senate Commerce Committee, the Commission has undertaken to realine and consolidate the present Interstate Commerce Act. In December 1967, an initial draft proposal was circulated for comment to a 44-member advisory committee consisting of representatives of: the American Bar Association Standing Committee on Legislative Drafting; the American Bar Association Advisory Committee to the Standing Committee on Legislative Drafting; the American Bar Association Standing Committee on Commerce; the Special Ad Hoc Committee on Legislation of the Motor Carrier Lawyers' Association; the Special Committee on Legislation of the Association of the Interstate Commerce Commission Practitioners, and the Special Committee on Legislation of the Federal Bar Association Council for Transportation and Communications Law.

The draft was also circulated for review and comment to representative industry organizations. Upon evaluating the comments and rec-

ommendations which were received, a first revised draft was completed March 15, 1968. It will be circulated to interested industry groups for comment and will become the source reference basis for the Commission's contribution to a joint interagency project to recodify all major transportation law within titles 49 and 46 of the United States Code. The target date for the interagency submission to Congress is June 1969. The draft eliminates the present four-part structure of the Interstate Commerce Act and organizes the various provisions of the act into 12 functional chapters. Numerous obsolete provisions were deleted from the realinement draft and, where possible, similar or duplicative provisions were consolidated. The draft neither contemplates nor intends substantive changes in the law and, to this end, editorial style or language changes have been minimized.

### MANAGEMENT

Budgetary restrictions imposed this year by congressional and executive actions made it necessary for the Commission to eliminate 74 positions. This major cutback was accomplished by (1) discontinuing the waybill sample program and eliminating the 24 positions associated with it; (2) reducing the field rail car service staff by 14 positions; (3) reducing the field economic and enforcement staff by 26 positions; and (4) eliminating 10 positions in various headquarters programs.

Prior to elimination and curtailment of these programs, the Commission explored every possible means of accomplishing the reductions without seriously impairing its substantive program activities. Through the years, the Commission has undergone several reorganizations and instituted various programs to reduce costs and improve the efficiency of its operations. However, the point has been reached where major avenues of self-improvement have been exhausted and major across-the-board staffing reductions cannot be absorbed without impairment of basic programs. Although the programs selected to be eliminated or curtailed were considered important to the Commission, it was felt that these areas would have the least impact upon the Commission's ability to discharge its primary regulatory responsibilities.

The Commission's cost reduction program has led to substantial dollar savings, greater productivity, and improved efficiency. Savings this year of some \$152,500 resulted from consolidating the attorney-advisor staff, realining employee boards, and converting manual operations to the computer. The consolidation of the attorney-advisor staff enabled the Commission to keep the total workload more evenly distributed and eliminated lost time caused by shifting employees or cases from one unit to another to meet variations in the workload. It also enabled the Commission to utilize uniform procedures, thereby



simplifying opinion writing and improving productivity. The realignment of the employee boards eliminated three specialty boards and enabled the Commission to utilize the services of two senior board members for report preparation in the more difficult cases.

### PAPERWORK REDUCTION

The major paperwork timesaver for the industry arose from the change which raised the revenue limit for class II motor carriers of property from \$200,000 to \$300,000. This relieved more than 700 motor carriers from detailed reporting requirements and reduced filings by more than 30,000 pages. Removal of a requirement that carriers file reports with field offices eliminated submittal of nearly 21,000 pages, and reduced corresponding record-keeping in field offices. Refinement of sampling techniques reduced the number of forms collected for highway form A data by some 35,000 reports. A new procedure and form for processing extensions of temporary authorities saved carriers an estimated 1,900 man-hours of paperwork. Reductions made in the number of copies of pleadings required to be filed resulted in savings to the parties and to the Commission as well. The handling of copies of State commission forms patterned after ICC Annual Report forms was transferred to the Superintendent of Documents, with a resultant savings of some \$15,000 to the Commission.

The above outlined savings amounted to some 2,030 man-hours and more than 800,000 pages of reports and pleadings for the industry; and more than 8,600 man-hours and approximately \$24,000, mostly in printing costs, to the Commission.

### AUTOMATIC DATA PROCESSING

During the year we substantially increased our ADP capability by conversion to a third generation computer, which is compatible with other government and industry computers. To utilize this capability fully, working groups were established with the railroad and trucking industry for the reporting of data on magnetic tapes and computer printouts. Conferences also were held with pipeline representatives to develop procedures for valuation reporting by electronic tape methods. This process, to be applied to some pipeline carriers in 1969, is expected to expedite and improve their reports.

Feasibility studies are under way for computer processing of various railroad annual report schedules related to mileage, capitalization, and securities. Also being studied is a program for direct reporting of rail and motor freight commodity statistics on magnetic tape or punch cards. These projects at this time are purely exploratory; progress depends in large measure on the ability of carriers to adapt their reporting records to the revised procedures.

Several new applications of computer procedures for processing the heavy volume of reports from carriers were made during the year. Annual statistics of individual class I railroads published in *Transport Statistics in the United States* were prepared by using direct printout of computer-generated data. All class I and class II motor carriers' annual reports and the railroad annual report form A for class I railroads are now processed by computer. Hand tabulations of individual carriers were eliminated from railroad and motor carrier quarterly publications, thus fully computerizing these statements. It is expected that computer procedures also will be established for annual reports of water carriers, oil pipelines, and freight forwarders.

ADP operations were used procedurally as well as administratively. In Ex Parte No. 252 (Sub-No. 1), *Incentive Per Diem Charges—1968*, computer systems were designed and programmed to process the sample data on car supply and delays in placement. When these data are subjected to various analytical procedures, they will provide meaningful appraisal of the adequacy of the freight car fleet and further insight as to the incentive per diem necessary to provide an adequate supply of cars.

#### DEPLOYMENT OF MANPOWER

During the year, our employee-management relations activity was significantly broadened by the signing of a contract with A.F.G.E. Lodge No. 1779, and the granting of formal recognition to the Professional Association of the Interstate Commerce Commission. Almost all of our Washington, D.C., employees now have employee organization representation available to them.

The Commission has developed an executive staffing plan providing for assessment of immediate and long-range executive manpower requirements. It makes possible early identification of potential executive vacancies so that adequate time is available for a thorough search of appropriate sources of executive talent. The program was established under Executive Order 11315 to assure that the Commission has a sufficient number of top-quality people to meet present and future needs for executive leadership.

#### FIELD ACTIVITIES

Budgetary restrictions imposed upon the Commission during the year necessitated elimination of 40 field positions and a reduction in our railroad car service and field economic and enforcement programs. By consolidating supervisory responsibilities and transferring some investigatory and service functions from area offices to the regional offices, we were able to minimize the adverse effects of this action.

Budgetary restrictions and the severe impact of creation of DOT

on our field establishment required an extensive effort to reprogram and adjust our procedures and operations.

We opened a new field office in Montpelier, Vt., and relocated our New Hampshire office from Lebanon to Concord. Our 82 field installations are located in 48 States and the District of Columbia.

*Bureau of Operations—Field program*

Motor carriers, water carriers and freight forwarders, and rate bureaus	Fiscal years	
	1967	1968
Enforcement:		
Complaints of violations received.....	4,897	4,239
Complaints investigated and action taken.....	5,262	3,894
Investigations with court action expected.....	1,289	890
Other complaints received and handled (service, household goods, etc.).....	13,552	13,692
Motor carrier general compliance surveys.....	2,178	2,769
Other enforcement matters.....	8,710	11,460
Operating authority:		
Permanent authority applications.....	4,639	4,406
Temporary operating authority.....	5,673	6,309
Certificates of registration.....	41	38
Transfer proceedings sec. 212(b).....	898	952
Temporary authority with acquisition.....	193	232
Rate bureau agreements.....	3	5
Revocations and dismissals.....	296	382
Other operating authority matters.....	19,396	19,929
Rates and tariffs:		
Motor rate compliance surveys.....	776	887
Assistance in tariff and rate publication.....	1,429	1,225
Tariff and rate interpretations.....	4,329	2,989
Insurance:		
Insurance compliance delinquencies.....	3,619	3,503
Other insurance matters (lapses, filings, requirements, etc.).....	4,785	4,467
Accounts:		
Accounting report delinquencies.....	2,809	2,727
Other accounting matters.....	2,392	2,201
Railroads and car service:		
Agencies and yards checked for general compliance.....	7,035	7,680
Seasonal commodity surveys and expediting checks.....	512	573
Special investigations on complaints and service.....	4,502	4,002
Enforcement investigations and compliance surveys.....	737	677

## EMERGENCY PREPAREDNESS ACTIVITIES

Although the scope of transport mobilization planning for defense emergencies was somewhat limited, due to the amount of funds allocated to this responsibility, the Commission was successful in expanding its national executive reserve unit. The 105 reservists appointed this year joined the 757 others who have agreed to serve, when required, in Government positions to assure continuance of domestic surface transportation and storage in periods of national emergency. The chart shows the progress in recruiting executive reservists in the ICC's unit in the past 3 years.

Reservists were kept abreast of the latest program planning through a series of regional and State agency conferences during the year. The Commission also assisted State agency officials in their development of intrastate emergency transportation plans and participated in various national mobilization programs.

At the close of the fiscal year, a railroad industry emergency readiness manual was in the final stages of completion. It will join earlier



manuals, developed through ICC-industry coordination, on motor and water carrier planning.

*ICC Unit of the National Defense Executive Reserve*

*Status of membership and recruitment at close of fiscal year*

NDER group	Fiscal year 1966			Fiscal year 1967			Fiscal year 1968		
	On rolls	Additional nominees	Total	On rolls	Additional nominees	Total	On rolls	Additional nominees	Total
Rail.....	536	108	644	549	148	697	611	208	819
Motor.....	208	9	217	208	8	216	191	7	198
Water.....	42	9	51	43	9	52	42	20	62
Other.....	15	0	15	15	4	19	18	1	19
Total.....	801	126	927	815	169	984	862	236	1,098

### INTERAGENCY COOPERATION

Because of budgetary reductions imposed during fiscal 1968, we discontinued our 1-percent rail carload waybill sample. However, we cooperated with the Department of Transportation to effect its continuance of the function. Concurrently, we assisted in DOT's establishment of a comprehensive traffic flow data program. A memorandum of agreement with DOT provided that the Commission would continue to receive the waybills and supplemental data and DOT would process it. The terms of the agreement were published in the Federal Register, whereby railroads and shippers continue to have protection against the improper disclosure of information from individual waybills.

Following preliminary discussions at the Secretary of the Treasury and the Commission level, we assisted the Treasury Department at the staff level on the balance-of-payments problem. We provided information on specific points raised by the Treasury in its search for ways to improve the balance-of-payments situation through more favorable transportation rates on export traffic.

We cooperated with the Department of Interior in furnishing information and charts for inclusion in the National Atlas project.

We cooperated with the Water Resources Council in a further review of the preliminary draft of the Potomac River Basin Compact.

The regular meetings with the chairman of the Civil Aeronautics Board and the Federal Maritime Commission continued to provide a common ground for the coordination and resolution of multijurisdictional issues. As an example, we revised annual report forms for water and maritime carriers to be consistent with requirements of the Federal Maritime Commission and the Maritime Administration.

### FEDERAL-STATE COOPERATION

Public Law 89-170, amending section 205(f) of the Interstate Commerce Act, authorized the Commission to enter into cooperative

agreements with the States to enforce Federal and State economic laws and regulations concerning highway transportation. Forty-six States have entered into such agreements with the Commission. Now, when a Commission investigator becomes aware of a violation of a State regulation regarding highway transportation, the information can be communicated to the State regulatory commission. This is a two-way street, since similar duty is placed on State regulatory commissions with regard to Federal violations. In addition, a State commission or the Interstate Commerce Commission may request the other to conduct an investigation for it. Joint investigations also are authorized.

To assure the success of the cooperative program, the Commission developed plans for regional seminars for the training of enforcement personnel of State commissions. This provides State transportation regulatory personnel with a basic understanding of the Interstate Commerce Act and general economic principles governing motor carrier transportation. This year the staff of our Bureau of Operations and members of the National Conference of State Transportation Specialists conducted five regional training seminars at: Philadelphia, Pa.—October 1967; Austin, Tex.—January 1968; Charlotte, N.C.—February 1968; Seattle, Wash.—May 1968, and Kansas City, Mo.—June 1968.

The seminars have proved successful, as evidenced by the participation of personnel from regulatory commissions of 40 States.

In the summer of 1967, we instituted a program which provided the first real opportunity for large-scale coordination of highway enforcement under Federal-State programs authorized by Public Law 89-170. The program consisted of nationwide economic road checks during a 3-month period to crack down on illegal trucking, much like those formerly conducted to uncover safety violations. During the nationwide road checks, our staff examined trucks to determine if the involved transportation was being conducted in a lawful manner. This program is one of the steps we have taken to stop widespread violations of those economic regulatory requirements designed to promote an efficient and effective highway transportation system. Not only is bona fide motor carriage damaged by economic violations of the type detected on these road checks, but the entire transportation structure is undermined by diversion of traffic to illegal channels.

During the 3-month period, road checks were conducted at 225 locations in 46 States. Our field staff worked cooperatively with 400 State representatives. We expect future road checks will be even more productive, because this free exchange of information while working on the job actually constitutes Federal-State cross training, thereby expanding our highway enforcement capabilities and impact.

## INTERNATIONAL COOPERATION

Because all areas of the surface transportation spectrum are affected to some degree by the regulatory authority of the Commission, the international transportation community closely monitors the agency's activities and progress. During the year, 7 foreign nations sent some 100 transportation and commerce officials to the ICC to obtain training and observe the American regulatory system.

The Commission continued its participation in the annual meetings of the Inland Transport Committee at Geneva, Switzerland, with Commissioner Laurence K. Walrath attending as a United States delegate in 1968. President Johnson designated Commissioner Willard Deason as a delegate to the 1968 Pan American Railway Congress at Buenos Aires, Argentina.

In these international meetings and in the dialogue conducted with foreign officials visiting the Commission, attention generally centered on containerization documentation and the anticipated use of the land bridge concept, the operation by which U.S. overland transportation facilities could be used instead of maritime routes through the Panama Canal. Development of land bridge operations is expected to save time and shipping costs in the ocean movement of cargoes between the Far East and Europe.



## LEGISLATIVE ACTIVITIES

This report has made reference to the Commission's legislative proposals. In this chapter, the references are coordinated and amplified. There follows a discussion of our appearances before the second session of the 90th Congress in its consideration of transportation legislation. Supplemental to this chapter is appendix D, which indicates the progress of legislation recommended by this Commission. The Commission's new legislative recommendations will be transmitted to the 91st Congress in a separate report.

### COMMISSION BUDGET

The President's budget included \$23,995,000 for the Commission for fiscal year 1969, which provided for 74 less positions than were funded during fiscal year 1968.

On February 23, 1968, the Commission appeared before the House Appropriations Subcommittee on Independent Offices on its 1969 budget. The Commission appeared twice before the Senate Appropriations Subcommittee on Independent Offices, April 2, 1968, and June 11, 1968.

The Commission's final appropriation was for \$23,846,000, a reduction of \$149,000 from the President's budget. This reduction was met by allowing positions to remain vacant longer than normal. In addition, it appears that as a result of the Federal Revenue and Expenditure Control Act of 1968, the Commission will be permitted to fill only 7 out of 10 vacancies which occur during the fiscal year.

### OVERSIGHT HEARINGS

A hearing was held April 3, 1968, before the Government Activities Subcommittee of the House Committee on Government Operations. The purpose of the hearing was to determine the economy and efficiency of the Commission's activities at all levels. The hearing dealt primarily with the nature of the Commission's programs, the authority for their existence, their funding, and the results that accrue to the public from them.

### RAIL PASSENGER SERVICE

On June 25, 1968, the Commission sent to Congress a report on intercity rail passenger service in 1968. The report recommended that section 13a of the Interstate Commerce Act be amended and that the

Secretary of Transportation in cooperation with the Interstate Commerce Commission conduct a study of the existing and future potential for intercity railroad passenger service in the United States. S. 3861 and H.R. 18212, which expand and modify the Commission's prior recommendations as contained in S. 1175 and H.R. 7004, were introduced into the Senate and the House of Representatives, respectively. These latter bills were fully discussed in the Commission's last annual report.

The Commission testified on S. 3861 before the Senate Committee on Commerce on July 24, 1968, and on H.R. 18212 before the House Subcommittee on Transportation and Aeronautics on July 8, 1968. The proposals are divided into two sections: one dealing with the proposed amendments to section 13a of the act and the other dealing with the proposed study. The proposed legislation contains provisions for (a) extending the notice requirement from 30 to 60 days, (b) changing the time within which the Commission must notify the carrier of its intent to investigate from 10 days to 20 days prior to the effective date, (c) changing the time limitation for suspending the discontinuance pending investigation from 4 months to 7 months, with an additional 2 months, if necessary, to dispose of petitions, and (d) clarifying the Commission's jurisdiction over trains operated physically between points in two or more States or at a point in a State and a point in a foreign country. Another provision imposes upon the carrier the burden of proving that a train is not required by the public convenience and necessity and that its continuance will create an undue financial burden. A corollary imposition is placed upon the Commission to make specific findings in terms of burden of proof and to issue an order permitting discontinuance where the Commission determines the carrier has met its burden.

Also incorporated into the proposals are the Commission's suggestions for dealing with situations where the carrier discontinues service prior to the expiration date in its notice. Included is an important innovative proposal which sets forth the manner of handling a discontinuance proposal when it involves the last interstate train between two points. Pursuant to this provision, jurisdiction over the discontinuance of such a train would be vested solely within the Commission. In addition, the Commission would have authority to impose minimum standards for the quality of service provided by the last train. This would clarify the Commission's authority for imposing minimum standards for such things as scheduling, food services, sleeper and seating facilities, train consist, and other characteristics of a standard passenger service. The proposals also contain more extensive requirements for notice to the public. Section 13a(2) would also undergo some minor changes to bring it into conformity with section 13a(1). Lastly, there are provisions for judicial review of all Commission

orders issued pursuant to section 13a (1) or (2). The Commission believed that enactment of these proposals would give it more time and flexibility in dealing with the rail passenger problem. Furthermore, it would allow time to develop a consensus on the future need of a national intercity rail system. For this reason, the Commission urged swift enactment of these proposals.

#### S. 2711

On February 20, 1968, the Commission testified before the House Committee on Interstate and Foreign Commerce on S. 2711. This bill was designed to prevent a railroad from defeating the Commission's jurisdiction by taking unilateral action to discontinue passenger service which had been the subject of a notice presented to the Commission pursuant to the provisions of section 13a(1) of the act. The Commission objected to the bill because it presented problems of interpretation and administration. As an alternative, the Commission advocated a simpler amendment to section 13a, which amendment would (1) preclude a carrier from changing or discontinuing any passenger operation or service before expiration of the 30-day notice period and (2) retain jurisdiction in the Commission should the carrier change or discontinue the operation or service before the expiration of the notice period.

#### HIGH-SPEED GROUND TRANSPORTATION ACT

On July 16, 1968, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 3237, a bill, "To extend for two years the program of research and development undertaken by the Secretary of Transportation in high-speed ground transportation, and for other purposes". This bill would (1) extend the expiration date of Public Law 89-220 until June 30, 1971, (2) take account of the establishment of the Department of Transportation and the transfer to it of certain elements previously in the Department of Commerce, and (3) clarify the authority of the Department of Transportation to acquire real property for test-site purposes. The two high-speed projects under way in the Northeast Corridor are directed at developing new and improving present types of rail passenger service and equipment. The Commission supports the objects of this bill because it is aimed at these ends and indicates the promise of revitalizing essential rail passenger service through a coordinated program of public and private action. This bill was enacted as Public Law 90-423.

#### COMMUTER SERVICE

On March 26, 1968, the Commission testified before the Subcommittee on Housing and Urban Affairs of the Senate Committee on Banking and Currency to present its views on recent developments in



the railroad industry as they relate to the future growth and development of urban and commuter railroad transportation. The Commission testified that it has been cognizant of the need for commuter service, but that its direct involvement has been minimal and limited to those instances where the issue arises in discontinuance and merger proceedings. The Commission believes that in order to insure adequate commuter service, the public must be willing to assist carriers, in appropriate circumstances, in a cooperative joint effort to revitalize and improve commuter service.

#### CLARIFICATION OF AGRICULTURAL COOPERATIVE EXEMPTION

On July 1, 1968, the Commission testified before the House Subcommittee on Transportation and Aeronautics on H.R. 6530 and S. 752. H.R. 6530 implements one of the Commission's legislative recommendations by amending section 203(b) (5) of the Interstate Commerce Act so as to limit the transportation by agricultural cooperatives for nonmembers to farm products, farm supplies, or other related farm traffic. The bill is identical to S. 752 as originally introduced, upon which the Commission testified before the Senate Subcommittee on Surface Transportation on July 24, 1967. S. 752, as amended, and passed by the Senate on June 4, 1968, deals with the same general subject but in a much different fashion.

The bill as amended and passed by the Senate limits the interstate transportation for compensation by a cooperative for nonmembers who are neither farmers nor other cooperatives to that which is "incidental to its primary transportation operations and necessary for its effective performance" unless such transportation is otherwise exempt under part II of the act. It places a ceiling on non-member transportation by providing that in no event shall it exceed 15 percent of its total interstate transportation services to be measured in terms of tonnage in any fiscal year. Total interstate transportation for compensation for all nonmembers, including that performed for farmers and others not subject to the 15-percent limitation, is limited to a quantity not to exceed the tonnage the cooperative transports for itself and its members in any fiscal year.

The bill also provides that a cooperative give notice to the Commission of its intent to engage in transportation for nonmembers who are not farmers or cooperatives. It also amends section 220 of the act to clarify the Commission's authority to inspect the books and records of cooperatives. On July 15, 1968, the House of Representatives passed S. 752 as amended and passed by the Senate. It became Public Law 90-433 on July 26, 1968.

### JUDICIAL REVIEW

The Commission testified on S. 2687 before the Senate Subcommittee on Surface Transportation on June 25, 1968, and before the House Committee on Interstate and Foreign Commerce on September 17, 1968. This bill implements one of our legislative recommendations. The major change which would be effected by S. 2687 would be the shifting of judicial review of Commission orders from three-judge district courts to the courts of appeals. The bill makes no changes in existing law with regard to (1) orders involving the payment of money, (2) cases prosecuted directly in court involving fines, penalties, etc., or (3) referrals from the Court of Claims.

In place of existing law which permits direct appeals from the district courts to the Supreme Court, review by that Court would be by the discretionary writ of certiorari. In addition to these changes and others dealing with jurisdiction, venue, practice and procedure, and stays and preliminary injunctions, the bill also eliminates the United States as a statutory defendant in court challenges to Commission orders. The bill is cast as an amendment to section 17 of the Interstate Commerce Act and would make Commission orders reviewable in the same general manner as the orders of all other major Federal regulatory agencies. The Commission strongly urged enactment of this legislation.

### EXPEDITING ACT

On April 16, 1968, the Commission testified before the Antitrust and Monopoly Subcommittee of the Senate Judiciary Committee on S. 2721 introduced by Senator Everett Dirksen, and S. 2806-12 introduced by Senator Joseph Tydings. These bills either revise or repeal the Expediting Act of 1903, which deals entirely with the enforcement of the antitrust laws, the Interstate Commerce Act, and "other acts having a like purpose." It is also made applicable to cases involving the enforcement of the Elkins Act, 49 U.S.C. 41-43, by a provision in section 3 of that act. The statute imposes penalties for the granting or soliciting of rebates or other discriminatory practices of carriers subject to our jurisdiction. As pertinent, the Expediting Act is only one of a number of statutory provisions dealing with the judicial enforcement of the Interstate Commerce Act and the Commission's orders issued thereunder and the enforcement of related laws, such as the Elkins Act. Because of the infrequent use made of the Expediting Act in the Commission's work and the availability of satisfactory alternative remedies, the Expediting Act is not essential for the effective performance of the Commission's enforcement functions. The Commission therefore supported enactment of S. 2811 which would remove cases arising under the Interstate Commerce Act from its provisions,

either separately or as an amendment to one of the other considered bills. Cases arising under section 3 of the Elkins Act would still be subject to the Expediting Act.

### FREIGHT FORWARDERS

On September 10, 1968, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 3714. This bill would amend section 409(a) of part IV of the Interstate Commerce Act so as to authorize freight forwarders subject to that part to negotiate special contracts with railroads for the transportation of forwarder traffic.

S. 3714 would provide that freight forwarders could contract with rail carriers in a manner they can now contract with motor carriers pursuant to section 409(a) of the act, except that the second proviso of that section dealing with the 450-mile limitation would not apply. This would open the door to forwarders participating in certain types of "piggyback" service, particularly so-called plan I, on the same terms as motor common carriers. This plan is recognized by the Commission as a valid joint intermodal service; however, the legality of this plan is presently under attack in a district court on suit of the forwarders, *Lone Star Package Car Co. v. U.S.*, (C.A. 4-355, N.D. Tex.). Inability of the forwarders to participate in plan I TOFC or other types of joint arrangements with railroads while such arrangements are available to motor carriers may cause them serious economic harm. In abandoning its noncommittal posture asserted in its prior comments on H.R. 10831 and S. 3714, the Commission did not urge enactment of S. 3714. This position was taken because (1) the Commission has no data indicating a significant change in the competitive situation between freight forwarders and motor carriers has occurred as a result of its decision in Ex Parte No. MC.-230, *Substituted Service—Piggyback*, 322 I.C.C. 301 and (2) if the views of the forwarders are upheld in the pending litigation, the competitive necessity for S. 3714 would largely evaporate.

### WATER CARRIER EQUIPMENT TRUST CERTIFICATES

On September 17, 1968, the Commission testified on S. 913 before the House Committee on Interstate and Foreign Commerce. The Commission had previously testified in support of this bill before the Senate Subcommittee on Surface Transportation. (See 81st annual report.) S. 913, as amended and passed by the Senate on April 25, 1968, would amend part III of the Interstate Commerce Act to provide for the recording with the Commission of trust agreements and other evidences of indebtedness of water carrier vessels, unless subject to the Ship Mortgage Act of 1920, owned or operated by a water carrier whether or not subject to the jurisdiction of the Commission under



part III of the act. Thus, the amended version would extend the scope of the legislation to include vessels owned or operated by private carriers and common carriers exempt from the Commission's jurisdiction.

Section 2 of the bill would amend section 116 of chapter 10 of the Bankruptcy Act so that its provisions would not affect the owner's right of repossession as set forth in any lease or conditional sales agreement. The Commission reiterated its support for enactment of this bill because it believes that it would assist in the procurement of modern equipment by water carriers and would place them on a par with railroads and airlines in attracting capital for equipment improvements. S. 913, as originally introduced, was enacted as Public Law 90-586.









## APPENDIX A

### COMMISSION ORGANIZATION

There are four principal offices and five bureaus of the Commission, the heads of which report to the Chairman via the channels indicated on the organizational chart.

#### *Staff Officials*

##### Office of the Chairman:

Congressional Liaison Officer.....	James T. Glenn
Legislative Counsel.....	Robert L. Calhoun
Public Information Officer.....	Warner L. Baylor

##### Office of the Managing Director:

Managing Director.....	Bernard F. Schmid
Assistant Managing Director.....	Martin E. Foley
Special Assistant for Field Operations.....	James L. Barbour
Director of Personnel.....	Curtis F. Adams

##### Office of the Secretary:

Secretary.....	H. Neil Garson
Assistant Secretary.....	Andrew Anthony, Jr.

##### Office of the General Counsel:

General Counsel.....	Robert W. Ginnane
Deputy General Counsel.....	Fritz R. Kahn

##### Office of Proceedings:

Director.....	Bertram E. Stillwell
Associate Director.....	Alvin L. Corbin
Deputy Director, Policy Review Committee.....	Thaddeus W. Forbes
Deputy Director, Section of Opinions.....	Sheldon Silverman
Chief Hearing Examiner.....	James C. Cheseldine

##### Bureau of Accounts:

Director.....	Matthew Paolo
Assistant Director.....	Howard L. Domingus

##### Bureau of Economics:

Director.....	Edward Margolin
Assistant Director.....	Robert G. Rhodes

##### Bureau of Enforcement:

Director.....	Bernard A. Gould
Assistant Director.....	John H. O'Brien
Assistant Director.....	Marcus L. Meyer

##### Bureau of Operations:

Director.....	Robert D. Pfahler
Assistant Director.....	N. Thomas Harris

##### Bureau of Traffic:

Director.....	Edward H. Cox
Assistant Director.....	Robert Newel

*Directory of Interstate Commerce Commission Field Offices*

<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
1	Regional headquarters----	Robert L. Abare, Regional Manager, Room 2211-B, John F. Kennedy Federal Bldg., Government Center, Boston, Mass. 02203.
	Connecticut-----	324 Post Office Bldg., 135 High St., Hartford, Conn. 06101.
	Maine-----	305 Post Office and Courthouse, 76 Pearl St., Portland, Maine 04112. Mail address: Post Office Box 167, P.S.S.
	Massachusetts-----	John F. Kennedy Federal Bldg., Room 2211-B, Government Center, Boston, Mass. 02203.
		338-342 Federal Bldg., 436 Dwight St., Springfield, Mass. 01103.
	New Hampshire-----	424 Federal Bldg., 55 Pleasant St., Concord, N.H. 03301.
	New Jersey-----	902 Federal Office Bldg., 970 Broad St., Newark, N.J. 07102.
		410 Post Office Bldg., 402 East State St., Trenton, N.J. 08608.
	New York-----	518 New Federal Bldg., Maiden Lane and Broadway, Albany, N.Y. 12207.
		518 Federal Office Bldg., 121 Ellicott St., Buffalo, N.Y. 14203.
		Room 1807, 26 Federal Plaza, New York, N.Y. 10007.
		104 O'Donnell Bldg., 301 Erie Blvd., West, Syracuse, N.Y. 13202.
2	Rhode Island-----	Room 508, 187 Westminster St., Providence, R.I. 02903.
	Vermont-----	Room 5, 52 State St., Montpelier, Vt. 05602.
	Regional headquarters----	Fred E. Cochran, Regional Manager, 900 U.S. Custom House, 2d and Chestnut Sts., Philadelphia, Pa. 19106.
	Delaware-----	See nearest ICC Field Office in New Jersey, Maryland, or Pennsylvania.
	District of Columbia--	12th and Constitution Ave., N.W., Washington, D.C. 20423.
	Maryland-----	1125 Federal Bldg., Charles Center, 31 Hopkins Plaza, Baltimore, Md. 21201.
		206 Old Post Office Bldg., 129 East Main St., Salisbury, Md. 21801.
	Ohio-----	1010 Federal Bldg., 550 Main St., Cincinnati, Ohio 45202.
		181 Federal Office Bldg., 1240 East 9th St., Cleveland, Ohio 44199.
		255 New Post Office Bldg., 85 Marconi Blvd., Columbus, Ohio 43215.
		5234 Federal Office Bldg., 234 Summit St., Toledo, Ohio 43604.



*Directory of Interstate Commerce Commission Field Offices—Continued*

<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
2	Pennsylvania-----	508 Federal Bldg., 228 Walnut St., Harrisburg, Pa. 17108. Mail address: Post Office Box 869. 900 U.S. Custom House, 2d and Chestnut Sts., Philadelphia, Pa. 19106. 2109 Federal Bldg., 1000 Liberty Ave., Pittsburgh, Pa. 15222. 309 U.S. Post Office Bldg., North Washington Ave. and Linden St., Scranton, Pa. 18503.
	Virginia-----	10-502 Federal Bldg., 400 North 8th St., Richmond, Va. 23240. 215 Campbell Ave., S.W., Roanoke, Va. 24011.
	West Virginia-----	3202 Federal Office Bldg., 500 Quarrier St., Charleston, W. Va. 25301. 531 Hawley Bldg., 1025 Main St., Wheeling, W. Va. 26003.
	3 Regional headquarters----	James B. Weber, Regional Manager, Room 300, 1252 West Peachtree St., N.W., Atlanta, Ga. 30309.
	Alabama-----	Room 823, 2121 Bldg., 2121 8th Ave. North, Birmingham, Ala. 35203.
	Florida-----	288 Federal Office Bldg., 400 West Bay St., Jacksonville, Fla. 32202. Mail address: Post Office Box 35008. 51 S.W. 1st Ave., Room 1226, Miami, Fla. 33130.
	Georgia-----	Room 300, 1252 West Peachtree St., N.W., Atlanta, Ga. 30309.
	Kentucky-----	Room 222, Bakhaus Bldg., 1500 West Main St., Lexington, Ky. 40507. 426 Post Office Bldg., 601 West Broadway, Louisville, Ky. 40202.
	Mississippi-----	Room 212, 145 East Amite Bldg., 145 East Amite St., Jackson, Miss. 39201.
	North Carolina-----	Suite 417, BSR Bldg., 316 East Morehead St., Charlotte, N.C. 28202. 401 Oberlin Rd., Cameron Village, Raleigh, N.C. 27605. Mail address: Post Office Box 10885.
	South Carolina-----	601A Federal Office Bldg., 901 Sumter St., Columbia, S.C. 29201.
	Tennessee-----	390 Federal Office Bldg., 167 North Main St., Memphis, Tenn. 38103. Suite 803, 1808 West End Bldg., Nashville, Tenn. 37203.

**Directory of Interstate Commerce Commission Field Offices—Continued**

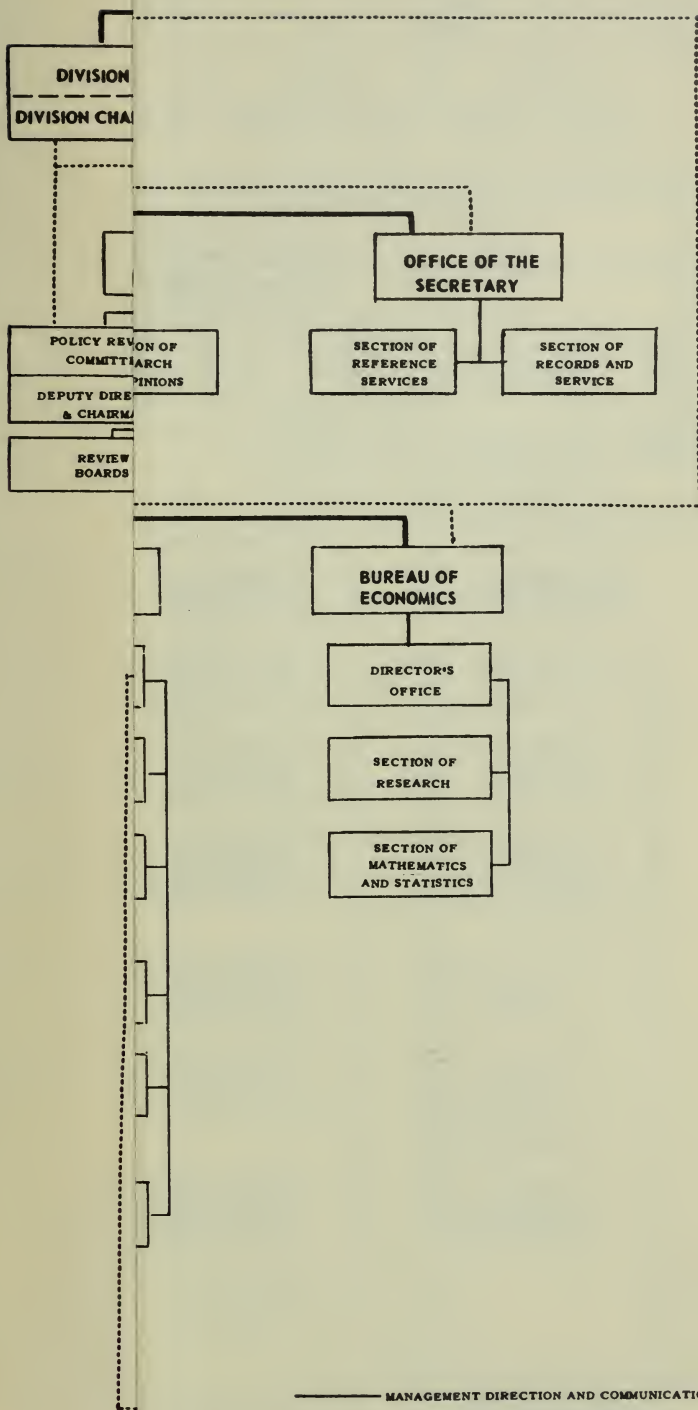
<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
4	Regional headquarters----	Charles W. Haas, Regional Manager, 1086 U.S. Courthouse and Federal Office Bldg., 219 South Dearborn St., Chicago, Ill. 60604.
	Illinois-----	1086 U.S. Courthouse and Federal Office Bldg., 219 South Dearborn St., Chicago, Ill. 60604. 476 Land of Lincoln Bldg., 325 West Adams St., Springfield, Ill. 62704.
	Indiana-----	8th Floor, Century Bldg., 36 South Pennsylvania St., Indianapolis, Ind. 46204. Room 204, 345 West Wayne St., Fort Wayne, Ind. 46802.
	Michigan-----	Room 1110, David Broderick Tower Bldg., 10 Witherill St., Detroit, Mich. 48226. 221 Federal Bldg., 325 West Allegan St., Lansing, Mich. 48933.
	Minnesota-----	448 Federal Bldg. and U.S. Courthouse, 110 South 4th St., Minneapolis, Minn. 55401.
	North Dakota-----	213 South Plaza Bldg., 1621 South University Dr., Fargo, N. Dak. 58101.
	South Dakota-----	Room 369, Federal Bldg., Pierre, S. Dak. 57501.
	Wisconsin-----	Room 11, 444 West Main St., Madison, Wis. 53703. Room 807, 135 West Wells St., Milwaukee, Wis. 53202.
	5 Regional headquarters----	Bernard H. English, Regional Manager, Room 9A27, Fritz Garland Lanham Federal Bldg., 819 Taylor Bldg., Fort Worth, Tex. 76102.
	Arkansas-----	2519 Federal Office Bldg., Little Rock, Ark. 72201.
	Iowa-----	332 Federal Bldg., 4th and Perry Sts., Davenport, Iowa 52801. 677 Federal Bldg., 210 Walnut St., Des Moines, Iowa 50309. 304 Post Office Bldg., Sioux City, Iowa 51101.
	Kansas-----	234 Federal Bldg., Topeka, Kans. 66603. 906 Schweiter Bldg., 106 North Main St., Wichita, Kans. 67202.
	Louisiana-----	Room T-4009 Federal Bldg. and U.S. Post Office, 701 Loyola Ave., New Orleans, La. 70113.
	Missouri-----	1100 Federal Office Bldg., 911 Walnut St., Kansas City, Mo. 64106. 3248 Federal Bldg., 1520 Market St., St. Louis, Mo. 63103.

*Directory of Interstate Commerce Commission Field Offices—Continued*

<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
5	Nebraska-----	315 U.S. Post Office and Courthouse, 129 North 10th St., Lincoln, Nebr. 68508. 705 Federal Office Bldg., 106 South 15th St., Omaha, Nebr. 68102.
	Oklahoma-----	350 American General Bldg., 210 Northwest 6th St., Oklahoma City, Okla. 73102.
	Texas-----	Miller Bldg., 918 Tyler St., Amarillo, Tex. 79101. 513 Thomas Bldg., 1314 Wood St., Dallas, Tex. 75202. Room 9A27 Fritz Garland Lanham Federal Bldg., 819 Taylor St., Fort Worth, Tex. 76102. 8610 Federal Bldg. and U.S. Courthouse, 515 Rusk Ave., Houston, Tex. 77002. 206 Manion Bldg., 301 Broadway, San Antonio, Tex. 78205.
	6 Regional headquarters----	Ernest D. Murphy, Regional Manager, 13001 Federal Office Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102. Mail address: Post Office Box 36004.
	Alaska-----	51-52 Federal Bldg., Anchorage, Alaska 99501. Mail address: Post Office Box 1532.
	Arizona-----	3427 Federal Bldg., 230 North 1st Ave., Phoenix, Ariz. 85025.
	California-----	7708 Federal Bldg., 300 North Los Angeles St., Los Angeles, Calif. 90012. 13001 Federal Office Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102. Mail address: Post Office Box 1532.
	Colorado-----	2022 Federal Office Bldg., 1961 Stout St., Denver, Colo. 80202.
	Idaho-----	455 Federal Bldg. and U.S. Courthouse, 550 West Fort St., Boise, Idaho 83702.
	Montana-----	251 U.S. Post Office Bldg., Billings, Mont. 59101.
	Nevada-----	Room 24, 222 East Washington St., Carson City, Nev. 89701.
	New Mexico-----	Room 10515, U.S. Courthouse and Post Office Bldg., 500 Gold Ave., S.W., Albuquerque, N. Mex. 87101.
	Oregon-----	Room 450, Multnomah Bldg., 120 S.W. 4th St., Portland, Oreg. 97204.
	Utah-----	6201 Federal Bldg., 125 South State St., Salt Lake City, Utah 84111.
	Washington-----	6130 Arcade Bldg., 1319 2d Ave., Seattle, Wash. 98101. 401 U.S. Post Office Bldg., West 914 Riverside Ave., Spokane, Wash. 99201.
	Wyoming-----	304 Lierd Bldg., 259 South Center St., Casper, Wyo. 82601.

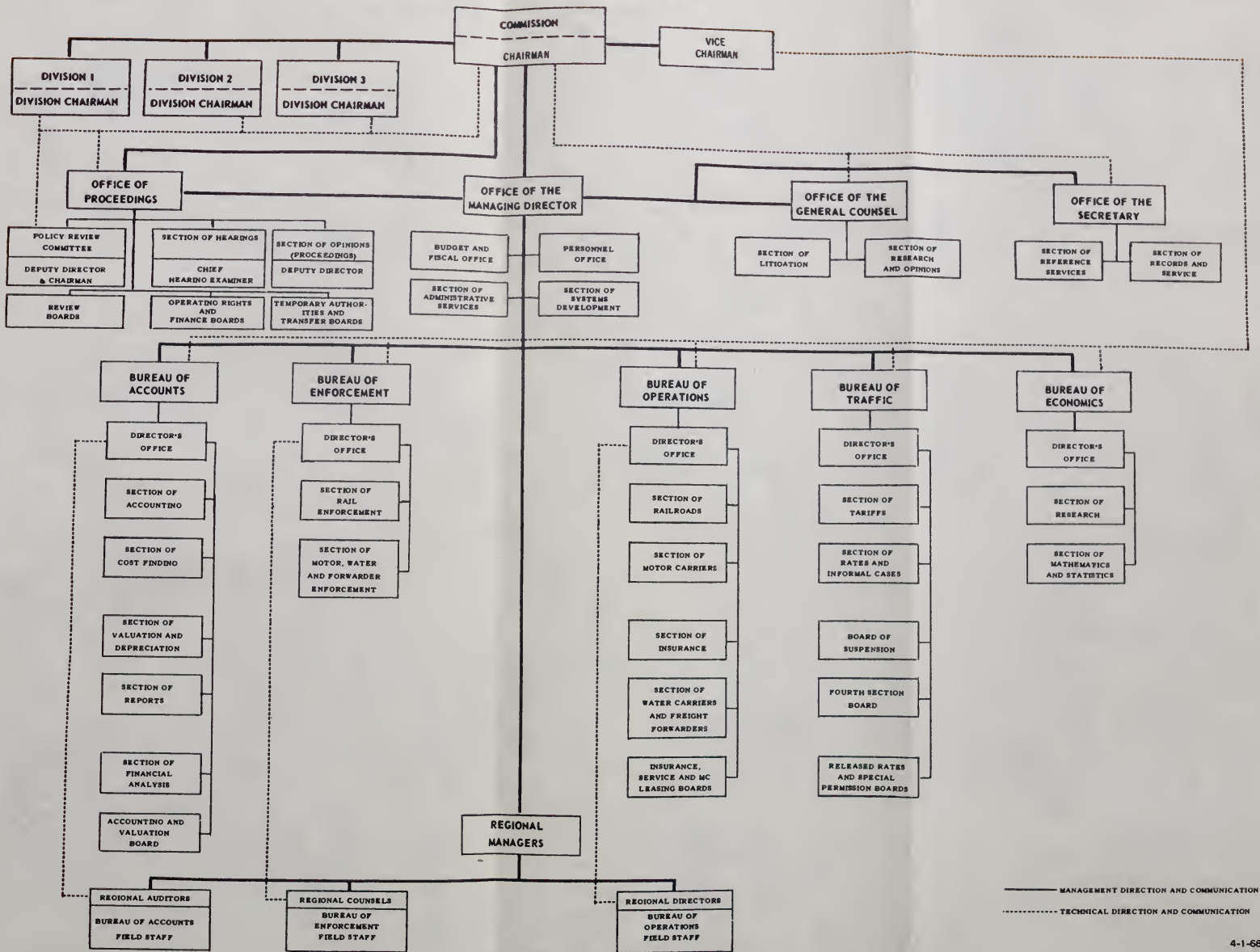






————— MANAGEMENT DIRECTION AND COMMUNICATION  
 ..... TECHNICAL DIRECTION AND COMMUNICATION

**INTERSTATE COMMERCE COMMISSION**





# APPENDIX B COMMISSION WORKLOAD

TABLE 1.—*Proceedings cases opened and closed during fiscal year 1968 as compared to prior calendar and fiscal years*

	Calendar Year			Fiscal Year		
	1964	1965	1966	1967	1966	1968
Pending beginning of year.....	7,042	5,981	6,844	6,773	6,357	8,050
Openings during year.....	8,573	10,493	10,156	7,384	9,575	7,465
Closings during year.....	9,634	9,630	10,227	8,767	9,939	8,309
Pending end of year.....	5,981	6,844	6,773	5,390	5,993	5,264

TABLE 2.—*Distribution by method of disposition of proceeding cases closed during fiscal year 1968 compared to fiscal years 1966 and 1967 and average time in months from date of filing to closing*

	Dismissed or discontinued				Decided by effective recommended report and order							
	Fiscal year 1966		Fiscal year 1967		Fiscal year 1968		Fiscal year 1966		Fiscal year 1967		Fiscal year 1968	
	Cases	Months	Cases	Months	Cases	Months	Cases	Months	Cases	Months	Cases	Months
Orally heard rail merger cases-----			2	59.0								
Rail finance cases (other than orally heard rail merger cases)-----	34	8.1	34	6.5	42	3.4	20	13.0	25	11.4	23	9.6
Motor carrier finance cases-----	45	5.9	33	7.0	26	11.6	36	10.4	34	11.1	28	11.5
Motor carrier operating authority cases-----	1,944	6.2	1,647	7.4	523	10.2	1,301	9.6	1,305	12.2	1,063	11.1
Motor carrier complaint cases-----	354	4.5	363	5.7	540	4.0	21	13.8	27	13.6	27	14.7
Water carrier cases-----	7	9.6	7	11.1	3	3.3	5	15.2	1	23.0	2	19.5
Formal docket cases (rate complaints and investigations)-----	76	4.3	73	11.7	40	9.1	51	6.2	48	7.1	27	9.4
Investigation and suspension cases (motor)-----	849	1.3	920	1.3	805	1.5	2	7.5	1	7.0		
Investigation and suspension cases (rail)-----	64	1.7	53	1.7	45	2.2	1	5.0				
All other cases-----	20	9.8	20	9.0	7	9.3	10	21.3	8	9.3	4	7.3
Total—All types-----	3,393	4.7	3,152	5.5	2,031	4.8	1,447	9.7	1,449	12.0	1,174	11.1

	Decided by final report after service of initial report						Decided by final report without a previous initial report						Total cases		
	Fiscal year 1966		Fiscal year 1967		Fiscal year 1968		Fiscal year 1966		Fiscal year 1967		Fiscal year 1968	Fiscal year 1966	Fiscal year 1967	Fiscal year 1968	
	Cases	Months	Cases	Months	Cases	Months	Cases	Months	Cases	Months	Cases	Cases	Cases	Cases	
Orally heard rail merger cases-----	2	55.0	3	25.0	4	18.8						2	5	4	
Rail finance cases (other than orally heard rail merger cases)-	28	18.8	42	18.5	42	14.1	366	3.4	319	3.8	327	2.6	448	420	434
Motor carrier finance cases-----	96	18.1	84	16.8	90	19.6	173	4.7	184	4.3	224	3.5	350	335	368
Motor carrier operating authority cases-----	1,298	14.0	1,539	16.3	1,939	18.0	2,291	4.9	2,558	6.5	2,199	5.6	6,834	7,049	5,724
Motor carrier complaint cases-----	31	24.8	34	23.2	52	20.4	8	6.3	14	7.1	6	13.9	414	438	625
Water carrier cases-----	5	18.8	4	15.5	10	13.4	11	5.0	5	5.2	8	2.9	28	17	23
Formal docket cases (rate complaints and investigations)----	104	14.6	37	20.1	75	19.3	11	8.9	29	8.7	1	14.1	242	187	143
Investigation and suspension cases (motor)-----	2	12.5	7	15.7	9	24.3	170	4.8	117	4.7	81	4.9	1,023	1,045	895
Investigation and suspension cases (rail)-----	4	25.3	5	21.8	9	23.0	35	8.7	7	8.7	5	7.7	104	65	59
All other cases-----	25	23.0	14	20.6	13	14.3	15	11.4	16	4.9	10	12.6	70	58	34
Total--All types-----	1,595	14.8	1,769	16.6	2,243	18.1	3,080	4.8	3,249	6.1	2,861	5.1	9,515	9,616	8,309



*Operating Rights*TABLE 3.—*Informal proceedings*

	1966	1967	1968
Applications for motor carrier temporary authority:			
Filed.....	5,169	5,520	6,195
Disposed of.....	5,214	5,507	6,205
Pending at end of year.....	19	32	22
Petitions in applications for motor carrier temporary authority:			
Filed.....	532	621	726
Disposed of.....	524	614	735
Pending at end of year.....	51	58	49
Applications to deviate from regular routes:			
Filed.....	484	401	420
Disposed of.....	476	410	398
Pending at end of year.....	60	51	73
Petitions in deviation filings:			
Filed.....	4	3	9
Disposed of.....	1	5	9
Pending at end of year.....	4	2	2
Proceedings to revoke operating rights without hearing:			
Institution.....	676	605	960
Disposed of.....	633	620	819
Pending at end of year.....	147	132	273

# APPENDIX C

## ENFORCEMENT ACTIVITIES

TABLE 1.—*Summary*

	Rail	Motor	Other	Total
Field investigations:				
On hand beginning of year.....	144	647	27	818
Commenced during year.....	130	895	10	1,035
Concluded during year.....	118	848	24	990
Pending at end of year.....	156	694	13	863
Court proceedings:				
On hand beginning of year.....	56	363	5	424
Commenced during year.....	41	515	6	562
Concluded during year.....	<sup>1</sup> 47	<sup>2</sup> 528	5	580
Pending at end of year.....	50	350	6	406
Civil Claims settlements:				
On hand beginning of year.....	0	0	0	0
Commenced during year.....	8	252	0	260
Concluded during year.....	7	142	0	149
Pending at end of year.....	1	110	0	111
Commission proceedings:				
On hand beginning of year.....	4	197	3	204
Commenced during year.....	3	137	2	142
Concluded during year.....	0	172	2	174
Pending at end of year.....	7	162	3	172

<sup>1</sup> Includes 7 Civil Claims cases.

<sup>2</sup> Includes 114 Civil Claims cases.

TABLE 2.—*Cases concluded or settled and monetary sanctions imposed*

	Rail	Motor water and forwarder	Total
Court cases concluded.....	47	533	580
Amount imposed.....	\$273,500	\$309,235	\$582,735
Civil Claim settlements.....	7	142	149
Amount imposed.....	\$387,157	\$164,325	\$551,482

## APPENDIX D

### PROGRESS OF LEGISLATION RECOMMENDED BY THE COMMISSION TO THE 90TH CONGRESS

1. That parts I, II, and III be amended to authorize the Commission, after investigation and hearing, when necessary and desirable in the public interest, to require the establishment of through routes and joint rates between motor common carriers of property and between those carriers and common carriers by rail, express, and water.

S. 751 and H.R. 6533 were introduced upon request to implement the Commission's recommendation. On May 16, 1967, the Commission testified before the Senate Subcommittee on Surface Transportation. The subcommittee reported out Print No. 1 which is a composite of S. 751 as originally introduced and S. 1768. (See 81st Annual Report, p. 93.) No further action was taken.

2. That section 203(b)(5) be amended by limiting the exemption set forth therein to the transportation of farm products, farm supplies, or other farm related traffic.

S. 752 and H.R. 6530 were introduced to implement this request. An amended version of S. 752 became Public Law 90-433 on July 26, 1968.

3. That part II be amended to empower the Commission to exempt from the requirements of part II, or any provision thereof, such service and transportation as may be determined by the Commission to be of such nature, character, or quantity as not substantially to impair effective regulation of transportation under part II.

S. 756 and H.R. 6535 were introduced upon request to implement this recommendation. The Commission testified before the Senate Subcommittee on Surface Transportation on June 8, 1967. The subcommittee reported out Print No. 1 which provided that S. 756 be made applicable to other modes of transportation subject to regulation by the Commission in addition to motor carriers subject to part II and that no order of exemption issued by the Commission pursuant to that section become effective for 180 days from the date of service. No further action was taken.

4. That section 22 be amended to permit the performance of transportation services for governmental bodies free or at reduced rates only to the extent such services (a) are performed during war or national emergency; or (b) involve transportation which remains exempt from economic regulation under parts II and III of the act.

S. 754 and H.R. 6534 were introduced to implement this recommendation. The Commission testified on June 5, 1967, before the Senate Subcommittee on Surface Transportation on its bill, and S. 1174, introduced by Senator Phillip A. Hart, of Michigan, which would amend section 22 "to restrict certain authorization for free or reduced rate transportation of property or passengers." The Commission expressed preference for passage of S. 754. No further action was taken.

5. That section 212(a) be amended: (1) To make motor carriers operating authorities subject to suspension, change, or revocation for willful failure to comply with any rule or order of the Commission; (2) to make the revocation procedure therein prescribed conform to the procedure provided in sections



312(a) and 410(f) of the act by eliminating the term "willfully" in the first proviso; and (3) to provide that the Commission may, upon reasonable notice, suspend motor carrier operating authorities for failure to comply with insurance regulations issued by it pursuant to section 215 thereof.

S. 753 and H.R. 6531 were introduced upon request to implement this recommendation. On May 16, 1967, the Commission testified on S. 753 and S. 751 before the Senate Subcommittee on Surface Transportation. No further action was taken.

6. That section 5(1) be amended as to exempt contracts, agreements, or combinations affecting the transportation of household goods to which any common carrier by motor vehicle may be a party with other such carrier or carriers for the pooling or division of traffic, or earnings.

S. 755 and H.R. 6532 were introduced upon request to implement this recommendation. On June 18, 1967, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 755. No further action was taken.

7. That section 17(2) be amended to authorize the Commission to delegate to qualified individual employees those matters which have not involved the taking of testimony at a public hearing or the submission of evidence by opposing parties in the form of affidavits.

S. 758 and H.R. 6537 were introduced upon request to implement this recommendation. On June 8, 1967, the Commission testified on S. 758 before the Senate Subcommittee on Surface Transportation. On May 14, 1968, S. 758, as amended by the Senate Committee on Commerce, passed the Senate. The most important amendment to the proposal is that it clarifies a party's right of appeal from any order or requirement of an individual employee. No action was taken by the House.

8. That section 19a be amended to (1) eliminate the requirement that the Commission determine the present value of land; (2) eliminate the requirement that the Commission determine the valuation of property held by carriers for purposes other than for use in common carrier service; (3) eliminate the requirement that the Commission ascertain and report the amount, value, and disposition of aids, gifts, grants, and donations and the amount of value of concessions and allowances made by carriers in consideration thereof, and (4) make optional the requirement that the Commission keep itself informed of changes in the quantity of the property of carriers, following the completion of the original valuation of such property.

S. 757 and H.R. 6535 were introduced upon request to implement this recommendation. On June 8, 1967, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 757. On June 12, 1968, S. 757, as amended, was reported out by the Senate Committee on Commerce. No further action was taken.

9. That section 13a be amended to provide the Commission with more time and improved procedures for dealing with railroad passenger train discontinuances than are afforded by existing law.

S. 1175 and H.R. 7004 were introduced upon request to implement the Commission's recommendation. On May 24, 1967, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 1175. On April 25, 1967, the Commission testified before the House Subcommittee on Transportation and Aeronautics of the Committee on Interstate and Foreign Commerce on H.R. 7004. On the same date, it testified on two related bills, H.R. 206 and H.R. 519, introduced by Jonathan B. Bingham, of New York, and Florence P. Dwyer, of New Jersey.

On August 1, 1967, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 1685, introduced by Senator Clifford Case, of New Jersey; S. 512, introduced by Senator Harrison A. Williams; S. Con. Res.

25, introduced by Senator Gordon Allott; and S. Con. Res. 52, introduced by Senator Frank Moss.

On June 25, 1968, the Commission sent to Congress a report on intercity rail passenger service in 1968, in which it recommended that section 13a be amended and that the Department of Transportation in connection with this Commission conduct a study of the existing and future potential for intercity rail passenger service. S. 3861 and H.R. 18212 were introduced to implement this recommendation. On July 8, 1968, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 3861. On July 8, 1968, the Commission testified before the House Subcommittee on Transportation and Aeronautics on H.R. 18212. No further action was taken.

10. That section 17 be amended so that the procedures for judicial review of orders of the Commission be changed to provide (a) that review be upon appeals to the U.S. court of appeals in all cases where at present a special three-judge court is used; (b) that review be permitted in any judicial circuit wherein the party or any of the parties filing the request for review have their residence or principal office; (c) that final review by the Supreme Court of the United States be only by petition for a writ of certiorari; (d) that a limit of 60 days be imposed as the time within which a petition for review must be filed in any case for which the present statutory provisions do not fix a period for filing petitions for review, such 60-day period to run from the date of entry of the order appealed from or entry of order denying reconsideration thereof where petitions for reconsideration are allowed by the Commission's rules, whichever is later; (e) that appeals be commenced by the filing of a petition for review in the form of a notice of appeal; (f) that anyone seeking review be required to service notice of appeal upon all parties to the proceeding before the Commission, the Department of Justice, and the Commission; (g) that provision be made for consolidation in a single court of multiple appeals from a single order of the Commission; and (h) that review proceedings be brought against the Commission as defendant, rather than against the United States, with the Department of Justice to have the right to intervene in any appeals from a single order of the Commission.

S. 2687 and H.R. 13927 were introduced to implement this legislative recommendation. On June 25, 1968, the Commission appeared before the Senate Subcommittee on Surface Transportation on S. 2687. On September 5, 1968, S. 2687 was passed by the Senate with a minor amendment. On September 17, 1968, the Commission testified before the House Committee on Interstate and Foreign Commerce. No further action was taken by the House.

## APPENDIX E

### PUBLICATIONS

#### *Financial and Traffic Statistics*<sup>1</sup>

##### *Annual*

- \*Transport Statistics in the United States. Detailed data on traffic, operations, equipment, finances, and employment for carriers subject to the Interstate Commerce Act (rail carriers, motor carriers, water carriers, oil pipelines, freight forwarders, Railway Express, Inc., Pullman Co., and private car owners). Available by releases: Rail, first release, \$1.50, second release, \$1.25; motor, first, second and third releases, prices to be determined; water carriers, first release, \$0.35, second release, price to be determined; oil pipelines, \$0.35; freight forwarders, \$0.25; private car lines, \$0.25; Railway Express, Inc., Pullman Co., and electric railways included with first release rail.
- \*Freight Commodity Statistics, Class I Railroads in the United States. Carloads and tons of revenue freight originated, terminated, and received from connecting carriers, and gross freight revenue \$0.35.
- \*Motor Carrier Freight Commodity Statistics, Class I Common and Contract Carriers of Property. Numbers of truckloads and tons of freight originated, terminated, and delivered to connecting carriers, and gross freight revenue \$0.75.  
Selected Statistics of Class III Motor Carriers of Property.
- A-300—Wage Statistics of Class I Railroads in the United States—Calendar Year. Number of employees, service hours, and compensation by occupation: Professional, clerical, and general; maintenance of way and structures; maintenance of equipment and stores: etc.
- A-650—Revenue and Traffic of Carriers by Water—Calendar Year. Freight revenue number of tons of revenue freight carried, revenue ton-miles, passenger revenue, and number of passengers carried.
- A-750—Revenues, Expenses, Other Income, and Statistics of Class I Motor Carriers of Passengers—Calendar Year. Passenger operating revenues (intercity, local and suburban, charter, or special service), expenses, other income, vehicle-miles operated in intercity, local and suburban, charter, or special service, number of revenue passengers carried, man-hours paid for, and compensation of drivers.
- A-800—Revenues, Expenses, Other Income, and Statistics of Class I Motor Carriers of Property—Calendar Year. Operating revenues (intercity, common and contract, local cartage, intercity transportation for other class I and class II motor carriers), expenses, other income, deductions and income taxes, truck- and tractor-miles operated in intercity freight service by common and contract

\*Indicates publications obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, at prices indicated. (Subject to change.) Other publications obtained from the Section of Administrative Services, Interstate Commerce Commission, Washington, D.C. 20423, without charge. (Subject to change.)

<sup>1</sup> Prepared by the Bureau of Accounts.



carriers, tons of revenue freight transported in intercity service, operating ratio, and report of man-hours paid for and compensation of drivers and helpers.

*Quarterly*

- Q-100—Operating Revenues and Operating Expenses of Class I Railroads. Operating revenues, expenses, taxes, equipment and joint facility rents, and net railway operating income.
- Q-125—Selected Income and Balance Sheet Items of Class I Railroads. Income account items, net income, dividends, expenditures for additions and betterments, current assets and liabilities, and analysis of taxes accrued.
- Q-200—Operating Statistics of Large Railroads, Selected Items. Freight and passenger operating statistics, consisting of miles of road operated, train-miles, car-miles, ton-miles, train-hours, locomotive units assigned to freight and passenger service, and number of freight cars on line for individual roads.
- Q-210—Train and Yard Service of Class I Railroads, in the United States. Miles of road operated, train- and locomotive-unit miles, and car-miles; gross ton-miles of road locomotives and tenders, gross ton-miles of cars, contents, and cabooses, net ton-miles, train, train-switching, and yard-switching hours.
- Q-220—Revenue Traffic Statistics of Class I Railroads, in the United States. Number of revenue tons carried, freight revenue, and passenger revenue.
- Q-240—Motive Power and Car Equipment of Class I Railroads, in the United States. Locomotive units assigned to yard-switching service, road freight service and road passenger service. Motorcars owned, freight cars on line, home and foreign. Freight cars and passenger-train cars owned.
- Q-600—Transportation Revenue and Traffic of Large Oil Pipeline Companies. Transportation revenue and number of barrels of oil originated and received from connections, present and preceding year.
- Q-650—Revenue and Traffic of Class A and B Water Carriers. Freight revenue, number of tons of revenue freight carried, revenue ton-miles, passenger revenue, and number of passengers carried.
- Q-750—Revenues, Expenses, Other Income, and Statistics of Class I Motor Carriers of Passengers. Passenger operating revenues (intercity, local and suburban, charter or special service), expenses, other income, miles of highway over which intercity regular route operations conducted, vehicle-miles operated by buses in intercity, local and suburban, charter or special service, number of revenue passengers carried by buses for each route operation, man-hours paid for, and compensation of drivers.
- Q-800—Revenues, Expenses, Other Income, and Statistics of Class I Motor Carriers of Property. Operating revenues (intercity, common and contract, local cartage, intercity transportation for other class I and class II motor carriers), expenses, other income, deductions and income taxes, truck- and tractor-miles operated in intercity freight service by common and contract carriers, tons of revenue freight transported in intercity service, operating ratio, report of man-hours paid for, and compensation of drivers and helpers.
- Q-950—Revenues, Expenses, and Statistics of Freight Forwarders. Operating revenues, expenses, income items, net income, tons of freight received from shippers, and number of shipments received from shippers.

*Monthly*

- M-300—Wage Statistics of Class I Railroads in the United States. Number of employees, service hours, and compensation by occupation.
- M-350—Preliminary Report of Railroad Employment, Class I Line-Haul Railroads. Number of employees at middle of month, group totals.

*Accounting and Costs*<sup>2</sup>

Statement No. 8-67: Cost of Transporting Freight by Class I and Class II Motor Common Carriers of General Commodities by Regions or Territories for the Year 1966.

Statement No. 1-68: Procedures for Developing Rail Revenue Contribution by Commodity and Territory, Year 1965.

Statement No. 2-68: Rail Carload Cost Scales by Territories for the Year 1966.

Statement No. 3-68: Cost of Transporting Freight by Class I and Class II Motor Common Carriers of General Commodities Rocky Mountain Region, 1966.

Statement No. 4-68: Cost of Transporting Freight by Class I and Class II Motor Common Carriers of General Commodities Pacific Region, 1966.

Statement No. 5-68: Cost of Transporting Freight by Class I and Class II Motor Common Carriers of General Commodities Performing Transcontinental Service.

Statement No. 6-68: Simplified Procedure for Determining Cost of Handling Freight by Motor Carriers.

Schedule of Annual Indices for Carriers by Railroads (1966).

Schedule of Annual Indices for Carriers by Pipe Lines (1967).

*Transport Economics*<sup>3</sup>

Transport Economics. Recurring and special analyses of traffic, operations, equipment, finances, and employment of transportation industries, and related subjects. Issued monthly.

*Railroad Carload Waybill Sample Publications*<sup>3</sup>

Statement TD-1: Territorial Distribution—Traffic and Revenue by Commodity Classes. Number of carloads, tons, revenue, short-line ton-miles, short-line car-miles, average tons per car, average miles per ton, average miles per car, average revenue per 100 pounds, average revenue per car, average revenue per car-mile, and average revenue per ton-mile by commodity groups and classes, for traffic within and between major territories.

Statement MB-1: Mileage Block Distribution. Designed to analyze rail carload traffic in terms of length of haul. Shows carloads, tons, revenue, short-line ton-miles, short-line car-miles, average tons per car, average short-line haul, and average revenues per hundredweight, per car, per short-line car-mile, and per short-line ton-mile, distributed by commodity, territorial movement, and type of rate for selected mileage or short-line length of haul blocks.

Statements SS-1 through SS-7: State-to-State Distributions. Contain data on a state-to-state basis for the same characteristics as shown in Statement TD-1. SS-1 shows summary data, and SS-2 through SS-7 cover commodity classes in a major commodity group or groups.

Statements TC-1 through TC-3: Distribution by Type of Car. Develop rail carload traffic characteristics in terms of type of car equipment used. Statement TC-1 shows the number of carloads by commodity class, type of car, and mileage block. Statement TC-2 contains data for the number of carloads by commodity class, type of car, and weight category. Statement TC-3 shows the number of carloads by commodity class, type of car, and territorial movement.

<sup>2</sup> Prepared by the Bureau of Accounts.

<sup>3</sup> Prepared by Bureau of Economics. Upon request to the Bureau, copies may be obtained free of charge until supply is exhausted.

The Commission discontinued publication of the waybill statistics following release of all the statements for calendar year 1966. Budgetary restrictions have necessitated discontinuance of the waybill sample operation which was begun in 1946. Pending a decision by the Department of Transportation to assume responsibility for the waybill program, and at its request, the Commission has agreed to continue through June 30, 1969, to receive and hold the waybills.



## APPENDIX F

### APPROPRIATIONS AND EMPLOYMENT

The following statement shows average employment and total appropriations for the fiscal years 1942 to 1969 for activities included under the current appropriation title "Salaries and expenses."

Year	Appropriation	Average employment	Year	Appropriation	Average employment
1942.....	\$9,212,750	2,658.6	1956.....	\$12,896,000	1,902.2
1943.....	9,336,377	2,359.4	1957.....	14,879,696	2,090.1
1944.....	8,873,900	2,076.0	1958.....	17,412,375	2,237.8
1945.....	8,883,700	1,957.5	1959.....	18,747,800	2,268.1
1946.....	8,733,738	2,058.3	1960.....	19,650,000	2,343.6
1947.....	10,496,200	2,240.4	1961.....	21,451,500	2,386.1
1948.....	10,713,000	2,247.7	1962.....	22,075,000	2,399.7
1949.....	11,300,317	2,217.8	1963.....	23,502,800	2,412.8
1950.....	11,416,700	2,161.0	1964.....	24,670,000	2,407.8
1951.....	11,408,200	2,072.3	1965.....	26,715,000	2,399.1
1952.....	11,264,035	1,889.5	1966.....	27,540,000	2,375.8
1953.....	11,003,500	1,849.4	1967.....	<sup>1</sup> 27,169,000	<sup>2</sup> 1,928.9
1954.....	11,284,000	1,837.9	1968.....	23,846,000	1,899.0
1955.....	11,679,655	1,859.1	1969.....	23,846,000	<sup>3</sup> 1,803.2

<sup>1</sup> Excludes \$1,310,000 transferred to the Department of Transportation (Public Law 89-670) approved Oct. 15, 1966, and determination order of the Director of the Bureau of the Budget which authorized transfer of funds as of Apr. 1, 1967.

<sup>2</sup> Excludes average employment for those functions transferred to the Department of Transportation effective Apr. 1, 1967.

<sup>3</sup> Estimated.

### STATEMENT OF APPROPRIATION AND OBLIGATIONS FOR THE FISCAL YEAR ENDED JUNE 30, 1968

An act making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, offices, and the Department of Housing and Urban Development for the fiscal year ending June 30, 1968, and for other purposes. (Public Law 90-121, 90th Cong., approved Nov. 3, 1967.)

Salaries and expenses: For necessary expenses of the Interstate Commerce Commission, including services as authorized by 5 U.S.C. 3109, \$23,460,000: Provided, That Joint Board members and cooperating State commissioners may use Government transportation requests when traveling in connection with their duties as such ----- \$23,460,000

Supplemental appropriation (Public Law 90-392, 90th Cong., approved July 9, 1968) ----- 386,000

Amount available ----- 23,846,000

Obligations and unobligated balance of appropriation as of June 30, 1968: The obligations shown represent net obligation after deducting reimbursements from non-Federal sources and all credits for services and salaries charged to other Government activities.

Net obligations under appropriation for the year ended June 30, 1968: Salaries and expenses ----- 23,769,656

Unobligated balance of appropriation: Salaries and expenses ----- 76,344

Statement of receipts from fees and charges during the fiscal year ended June 30, 1968:

Registration and filing fees-----	1,309,957
Fees and other charges for other administrative services-----	18,609
Miscellaneous fees for permits and licenses, not otherwise classified -----	790
Sale of publication and reproductions-----	18,650
Fees and other charges for miscellaneous services-----	36,660
<hr/>	
Total receipts from fees and charges-----	1,384,666

## APPENDIX G

### TRANSPORTATION STATISTICS

TABLE 1

NUMBER OF CARRIERS SUBJECT TO UNIFORM SYSTEMS OF ACCOUNTS AND REQUIRED  
TO FILE ANNUAL AND PERIODIC REPORTS AS OF JUNE 30, 1968

Railroads, class I-----	77
Railroads, class II-----	294
Railroad switching and terminal companies, class I-----	25
Railroad switching and terminal companies, class II-----	162
Railroad lessor companies-----	142
Motor carriers, class I passenger-----	<sup>1</sup> 293
Motor carriers, class I property-----	1, 421
Motor carriers, class II property-----	2, 082
Oil pipelines-----	88
Water carriers-----	90
Maritime carriers-----	18
Electric railways-----	11
Freight forwarders-----	65
Protective service companies-----	7
Express companies-----	1
Sleeping car companies-----	1
Stockyard companies-----	<sup>2</sup> 34
Holding companies (rail)-----	5
 Total -----	 4, 816

NUMBER OF CARRIERS AND ORGANIZATIONS FILING ANNUAL REPORTS BUT NOT SUBJECT  
TO PRESCRIBED UNIFORM SYSTEMS OF ACCOUNTS AS OF JUNE 30, 1968

Carlines (companies which furnish cars for use on lines of railroads) --	152
Class II and III motor carriers of passengers-----	817
Class III motor carriers of property-----	11, 617
Water carriers (less than \$100,000 gross revenue) -----	105
Freight forwarders (less than \$100,000 gross revenue) -----	20
Holding companies (Motor)-----	36
Street electric lines-----	1
Rate bureaus and organizations-----	106
 Total -----	 12, 854
 Grand total-----	 17, 670

<sup>1</sup> Includes 10 combination (property and passenger) carriers.

<sup>2</sup> Includes 11 stockyard company lessors.



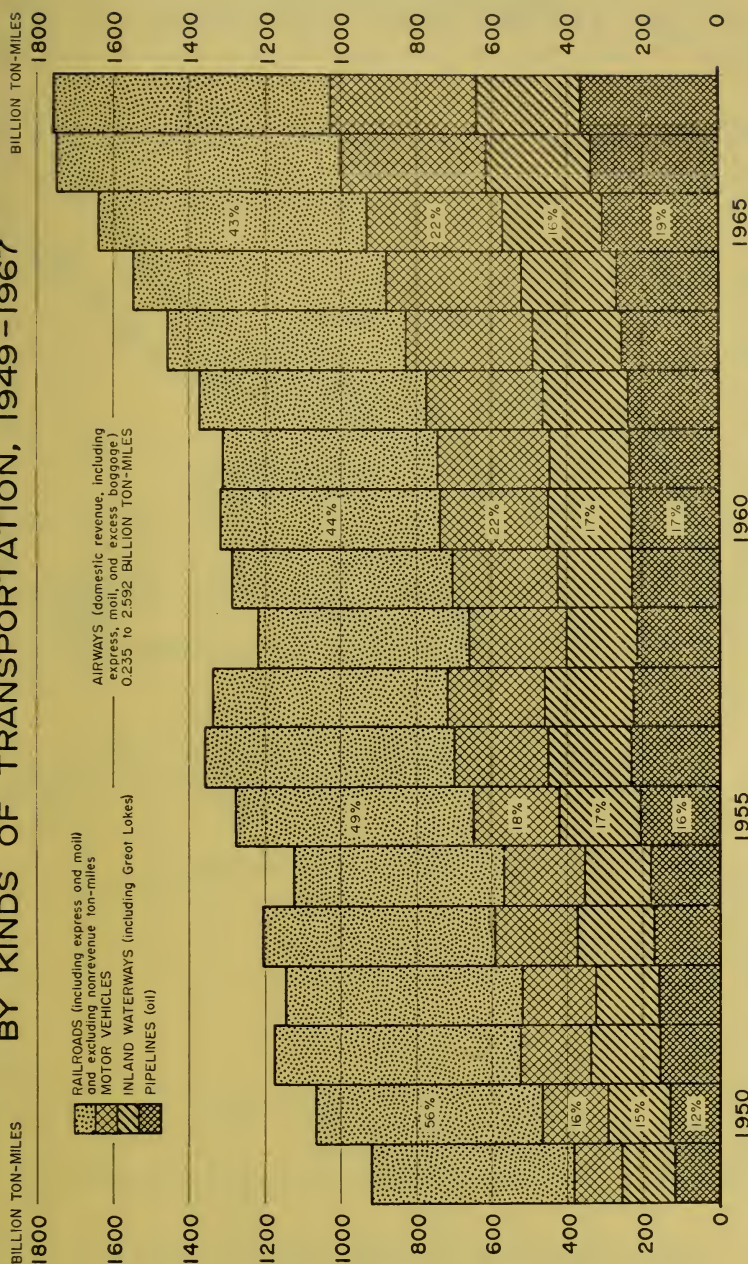
TABLE 2.—Revenues, net investment, and taxes, 1967 <sup>1</sup>

[Thousands]

Kind of carrier	Operating revenues	Net investment in carrier operating property and equipment, Dec. 31, 1966	Taxes	
			Income and excess profits <sup>11</sup>	All other
Class I line-haul railroads <sup>2</sup> .....	<sup>3</sup> \$10,366,041	\$24,333,754	<sup>4</sup> \$66,317	\$843,861
Motor carriers of property (class I intercity).....	<sup>10</sup> 8,009,642	<sup>10</sup> 1,703,434	<sup>5</sup> <sup>10</sup> 92,369	<sup>6</sup> 512,789
Motor carriers of passengers (class I intercity).....	<sup>10</sup> 666,530	<sup>10</sup> 294,503	<sup>5</sup> <sup>10</sup> 30,393	<sup>7</sup> 46,908
Water carriers (class A and class B).....	<sup>8</sup> <sup>10</sup> 296,139	264,604	<sup>5</sup> <sup>10</sup> 11,686	<sup>10</sup> 4,560
Oil pipelines <sup>9</sup> .....	<sup>10</sup> 966,130	2,464,026	<sup>4</sup> <sup>10</sup> 124,235	<sup>10</sup> 60,218
Total.....	20,304,482	29,060,321	325,000	1,468,336
Percentage distribution				
Class I line-haul railroads.....	51.0	83.7	20.4	57.5
Motor carriers of property.....	39.4	5.9	28.4	34.9
Motor carriers of passengers.....	3.3	1.0	9.4	3.2
Water carriers.....	1.5	0.9	3.6	1.3
Oil pipelines.....	4.8	8.5	38.2	4.1
Total.....	100.0	100.0	100.0	100.0

<sup>1</sup> Net investment in carrier property and equipment at the close of the preceding year.<sup>2</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.<sup>3</sup> Railway operating revenues.<sup>4</sup> U.S. Government income and excess profits taxes only.<sup>5</sup> U.S. and State taxes combined.<sup>6</sup> From Quarterly Report Q-800.<sup>7</sup> From Quarterly Report Q-750.<sup>8</sup> Total waterline operating revenues.<sup>9</sup> Does not include 5 pipeline departments.<sup>10</sup> Preliminary.<sup>11</sup> Excludes income taxes on extraordinary and prior period items.

# INTERCITY TON-MILES, PUBLIC AND PRIVATE, BY KINDS OF TRANSPORTATION, 1949-1967



Source: 1939-1959, I.C.C., Bureau of Transport Economics and Statistics, Intercity Ton-Miles, 1939-1959, Statement No. 6103; 1960-1966, Annual Reports of the Interstate Commerce Commission; 1967, staff estimates.

INDEXES OF INTERCITY TON-MILES, INDUSTRIAL PRODUCTION,  
AND GROSS NATIONAL PRODUCT (LESS SERVICES), 1939-1967

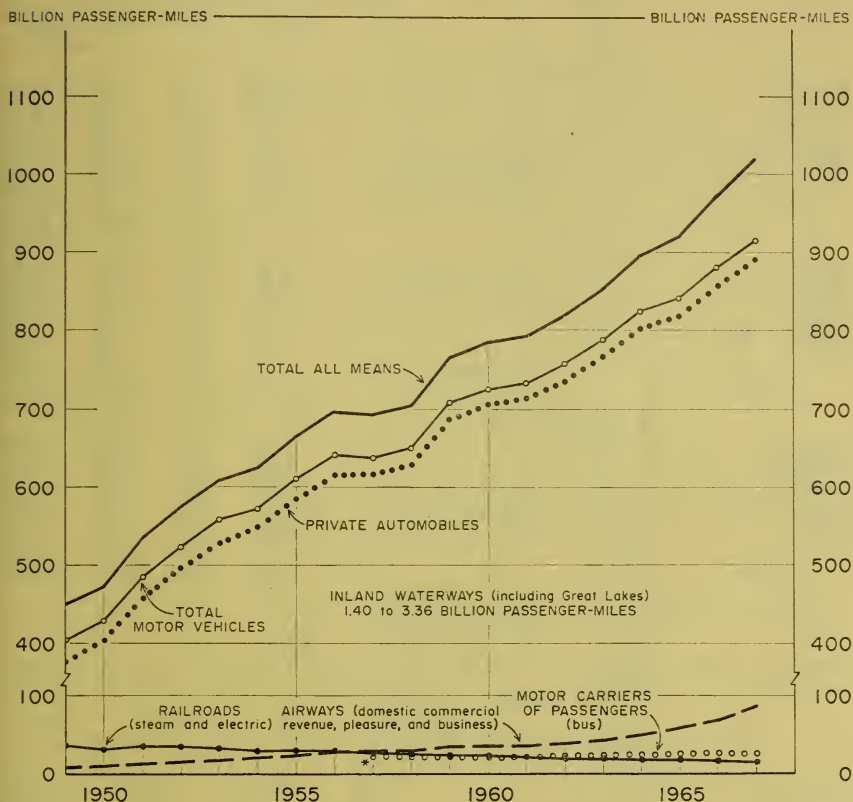


Source: Federal Reserve Board, Office of Business Economics, and Interstate Commerce Commission.

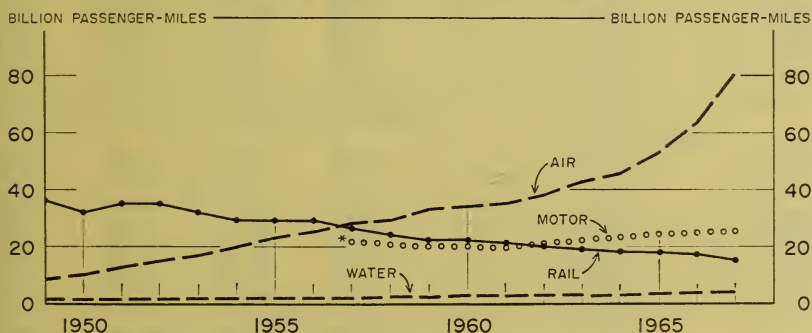


# INTERCITY PASSENGER-MILES, 1949-1967

## TOTAL INTERCITY PASSENGER-MILES



## REVENUE INTERCITY PASSENGER-MILES



\* Data for 1949-1956 on motor carriers not comparable because of change in base.

Source: 1949-1956, I.C.C., Bureau of Transport Economics and Statistics, *Intercity Passenger-Miles, 1949-1956*, Statement No. 580; 1957-1966, Annual Reports of the Interstate Commerce Commission; 1967, staff estimates.

TABLE 3.—*Car supply—Cars installed, retired, and ordered*

	Fiscal year—			
	1953	1958	1963	1968
<b>CARS INSTALLED</b>				
Box.....	18,456	20,291	10,076	22,188
Refrigerator.....	3,723	3,031	5,914	3,822
Gondola.....	12,086	15,090	594	9,833
Hopper.....	23,111	25,016	6,541	17,737
Covered hopper.....	3,943	6,713	4,319	7,999
Flat.....	813	892	2,454	2,992
Other.....	1,809	1,680	574	1,291
Total cars.....	63,941	72,713	30,472	65,862
<b>CARS RETIRED</b>				
Box.....	23,088	21,076	36,267	39,944
Refrigerator.....	2,120	5,952	3,085	5,785
Gondola.....	12,613	9,876	8,489	14,052
Hopper.....	20,801	17,540	29,251	27,539
Covered hopper.....	38	-----	181	788
Flat.....	1,707	1,092	1,286	1,745
Other.....	—933	3,481	5,233	4,077
Total cars.....	59,434	59,016	83,792	93,930
<b>CARS ORDERED</b>				
Box.....	8,987	4,418	14,051	8,841
Refrigerator.....	2,577	996	7,574	4,360
Gondola.....	6,149	4,893	423	7,750
Hopper.....	6,400	2,491	5,139	12,139
Covered hopper.....	(*)	1,905	5,926	6,557
Flat.....	1,604	549	6,770	6,987
Other.....	4,395	2,128	7,044	8,555
Total cars.....	30,112	17,380	46,927	55,189

\*Included in "hoppers."

TABLE 4.—*Ownership, serviceable ownership, and turnaround time, class I railroads*

	1953	1958	1963	1968
<b>OWNERSHIP</b>				
Plain box.....	678,378	681,259	555,430	415,150
Equipped box.....	51,784	50,029	68,660	143,454
Total box.....	730,162	731,288	624,090	558,604
Refrigerators.....	100,807	96,511	90,495	101,384
Gondolas.....	295,244	282,730	245,057	200,454
Hoppers.....	560,972	524,904	437,102	415,500
Covered hoppers.....	31,814	56,870	71,267	122,210
Flat.....	46,768	49,983	54,820	67,580
Others.....	83,646	81,433	66,223	57,148
Total cars.....	1,849,413	1,823,719	1,589,054	1,522,880
<b>SERVICEABLE CARS</b>				
Plain box.....	645,675	638,382	509,443	384,120
Equipped box.....	47,952	46,581	65,145	137,397
Total box.....	693,627	684,963	574,588	521,517
Refrigerators.....	95,747	89,877	86,262	98,269
Gondolas.....	276,826	252,545	215,360	189,362
Hoppers.....	531,762	478,386	408,002	397,806
Covered hoppers.....	31,301	55,697	69,742	118,593
Flat.....	44,528	47,653	52,457	64,453
Others.....	79,854	77,813	63,384	54,270
Total cars.....	1,753,645	1,686,934	1,469,795	1,444,270
<b>TURNAROUND TIME-DAYS</b>				
Box.....	15.52	17.64	19.41	22.13
Refrigerators.....	26.83	29.92	30.81	35.26
Gondolas.....	15.51	17.18	22.24	19.61
Hoppers.....	15.23	14.62	16.41	14.53
Covered hoppers.....	15.44	18.47	21.46	21.68
Flat.....	22.52	21.27	13.64	12.98
Total cars.....	16.33	17.43	19.24	19.02

TABLE 5.—Shareholders' equity and long-term debt and dividends, 1958-67—Class I line-haul railroads and their lessor subsidiaries

Year ended Dec. 31—	Shareholders' equity			Total long-term debt	Total equity and debt	Ratio of debt to total equity and debt	Amount of dividends <sup>1</sup>
	Total	Capital stock	Capital surplus				
	Thousands	Thousands	Thousands	Thousands	Thousands	Percent	Thousands
1958.....	\$18,393,390	\$7,339,726	\$1,300,608	\$10,080,345	\$28,440,735	35.43	\$435,143
1959.....	18,504,534	7,310,852	1,294,674	9,899,008	28,370,276	34.77	421,653
1960.....	18,527,245	7,235,503	1,327,193	9,700,783	28,228,028	34.37	401,132
1961.....	18,462,947	6,571,928	1,909,067	9,542,193	28,005,140	34.07	373,821
1962.....	18,751,740	6,574,575	1,947,310	9,433,447	28,185,187	33.47	384,477
1963.....	19,041,077	6,608,790	2,040,550	9,491,379	28,445,450	33.06	398,229
1964.....	19,044,735	6,386,506	2,086,314	9,575,826	28,620,201	33.46	477,724
1965 <sup>2</sup> .....	19,235,421	6,462,296	2,070,710	9,827,572	29,062,993	33.81	510,402
1966.....	19,681,670	6,494,047	2,087,575	10,285,096	29,966,766	34.32	530,099
1967.....	19,465,188	6,500,838	2,135,990	10,507,160	29,972,348	35.06	554,375

<sup>1</sup> Includes figures for lessors and operating railroads without excluding duplications on account of intercorporate payments. Stock dividends for the last 10 years have been as follows: \$46,282,730 in 1958; \$2,402,789 in 1959, of which \$65,364 was credited to "Capital surplus"; for amount in excess of par value of stock dividends declared; \$2,329 in 1960; \$1,890,200 in 1961; \$1,910,451 in 1962; \$4,877,125 in 1963; \$2,123 in 1964; \$2,190,705 in 1965; \$2,162,160 in 1966; and \$916,302 in 1967.

<sup>2</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.



TABLE 6.—Operating revenues, operating expenses, and net income, class I line-haul railroads, 1958-68

Year ended Dec. 31—	Freight revenues	Passenger revenues	Total operating revenues	Total transportation expense	Total operating expenses	Oper- ating ratio	Net railway operating income	Net income
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>	<i>Thousands</i>	<i>Thousands</i>
1958.....	\$8,070,826	\$675,296	\$9,564,568	\$3,834,340	\$7,543,842	78.87	\$762,296	\$601,737
1959.....	8,312,181	651,168	9,825,060	3,887,710	7,704,815	78.42	747,677	577,719
1960.....	8,025,423	640,268	9,514,294	3,832,882	7,555,336	79.52	584,016	444,640
1961.....	7,739,044	624,688	9,189,138	3,710,832	7,274,260	79.16	537,771	382,444
1962.....	7,991,146	619,056	9,439,895	3,755,092	7,418,562	78.59	725,679	571,017
1963.....	8,146,131	588,104	9,559,522	3,771,254	7,451,648	77.95	805,658	651,637
1964.....	8,455,457	577,910	9,856,527	3,920,622	7,737,847	78.50	818,213	698,184
1965 <sup>1</sup> .....	8,835,958	553,056	10,207,850	4,020,161	7,849,841	76.90	961,516	814,629
1966.....	9,280,613	543,632	10,654,663	4,139,268	8,117,657	76.19	1,045,863	903,783
1967.....	9,130,233	485,369	10,366,041	4,186,049	8,204,492	79.15	676,434	<sup>2</sup> 553,789
January- June 1967..	4,544,741	238,356	5,171,024	2,087,846	4,100,341	79.29	324,770	265,328
January- June 1968..	4,830,405	216,283	5,366,764	2,140,173	4,210,712	78.46	355,426	<sup>2</sup> 275,802

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

<sup>2</sup> Ordinary income, before extraordinary and prior period items. Net income for calendar year 1967 is shown in table 14.

TABLE 7.—Taxes and equipment rents, class I line-haul railroads, 1958-68

[In thousands]

Year ended Dec. 31—	Railway tax accruals	Equipment and joint facility rents (net)	Other income	Interest, rents, and other deduc- tions	Federal income and excess-profits taxes <sup>1</sup>
1958.....	\$957,175	\$-301,255	\$333,136	\$493,695	\$240,972
1959.....	1,047,635	-324,934	314,553	484,511	267,645
1960.....	998,799	-366,143	346,328	485,705	202,903
1961.....	991,083	-386,023	322,281	477,609	242,456
1962.....	905,044	-390,610	325,576	480,237	156,786
1963.....	886,387	-415,828	330,075	484,096	164,109
1964.....	870,581	-429,885	368,891	488,920	137,919
1965 <sup>2</sup> .....	916,494	-480,000	365,389	512,276	163,656
1966.....	968,372	-522,775	399,492	541,572	186,325
1967.....	910,178	-574,937	457,545	347,941	<sup>3</sup> 66,317
January-June 1967.....	467,856	-278,057	223,505	282,948	43,721
January-June 1968.....	484,333	-316,293	220,401	300,025	<sup>3</sup> 47,028

<sup>1</sup> Included in railway tax accruals.

<sup>2</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

<sup>3</sup> Excludes income taxes on extraordinary and prior period items.

TABLE 8.—*Net railway operating income, net income, and rates of return, class I line-haul railroads, 1958-67*

Year ended Dec. 31—	Investment in property used in transportation operations less deprecia- tion and amortization <sup>1</sup>	Net railway operating income	Ratio of net railway operating income to investment in property used in transportation operations less deprecia- tion and amortization	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>
1958.....	\$26,190,059	\$762,296	2.91	\$17,142,266	\$601,737	3.51
1959.....	26,247,426	747,677	2.85	17,291,787	577,719	3.34
1960.....	26,396,665	584,016	2.21	17,312,733	444,640	2.57
1961.....	26,372,540	537,771	2.04	17,283,908	332,444	2.21
1962.....	26,185,903	725,679	2.77	17,559,195	571,017	3.25
1963.....	26,266,191	805,658	3.07	17,840,552	651,637	3.65
1964.....	25,394,471	818,213	3.22	17,622,350	698,184	3.96
1965 <sup>2</sup> .....	25,793,676	961,516	3.73	17,746,696	814,629	4.59
1966.....	26,699,511	1,045,863	3.92	18,194,059	903,783	4.97
1967.....	27,241,987	676,434	2.48	17,973,434	<sup>3</sup> 321,541	<sup>3</sup> 1.79

<sup>1</sup> Includes allowance for working capital. Figures for 1964 and prior years include present value of land; figures for 1965 and subsequent years include original cost of land.

<sup>2</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

<sup>3</sup> After extraordinary and prior period items.

TABLE 9.—*Current assets and current liabilities—Class I line-haul railroads as of June 30, 1967-68*

	1967 Amount	1968	
		Amount	Percent of change
	<i>Millions</i>	<i>Millions</i>	
Total current assets.....	\$2,961	\$3,088	+4.3
Cash and temporary cash investments.....	1,168	1,182	+1.2
Materials and supplies.....	547	519	-5.1
Total current liabilities.....	2,232	2,350	+5.3
Net working capital:			
Including materials and supplies.....	729	738	+1.2
Excluding materials and supplies.....	182	219	+20.3
RATIOS			
Current assets to current liabilities:			
Including materials and supplies.....	1.33	1.31	-----
Excluding materials and supplies.....	1.08	1.09	-----
Cash and temporary cash investments to current liabilities.....	.52	.50	-----

TABLE 10.—*Condensed income account—Class I line-haul railroads, 1965-67*

(In millions)

Item	1965 <sup>1</sup>	1966 <sup>1</sup>	1967
Revenue, other income, and extraordinary and prior period items.....	\$10,573	\$11,054	\$10,598
Cost of materials, depreciation, and other expenses, except wages and salaries.....	3,785	4,016	4,107
Taxes, including income, profits, and payroll.....	916	968	916
Total deductions.....	4,701	4,984	5,023
Remainder for employees and investors.....	5,872	6,070	5,575
Wages and salaries <sup>2</sup> .....	4,545	4,625	4,673
Investors' share:			
Rent for leased roads <sup>3</sup> .....	61	60	59
Interest on obligations.....	376	398	432
Other deductions <sup>4</sup> .....	75	83	89
For dividends and surplus.....	815	904	322
Total.....	1,327	1,445	902
Percent wages and salaries.....	77.4	76.2	83.8
Percent investors' share.....	22.6	23.8	16.2

<sup>1</sup> Does not include extraordinary and prior period items.<sup>2</sup> Chargeable to operating expenses and not including the following amounts of payroll taxes, in millions: 1967, \$477; 1966, \$439; and 1965, \$395.<sup>3</sup> Represents largely intercompany payments among railroads of interest and dividends.<sup>4</sup> Miscellaneous deductions from income, and amortization of discount on funded debt.TABLE 11.—*Number and compensation of employees—Class I line-haul railroads, 1958-67*

Year ended Dec. 31—	Average number of employees during year <sup>1</sup>	Total hours paid for	Compensation of railroad employees <sup>2</sup>			
			Total	Average per hour	Ratio to revenues	Ratio to expenses
		Thousands	Thousands		Percent	Percent
1958.....	840,580	1,980,557	\$4,929,906	\$2.489	51.54	65.35
1959.....	815,509	1,924,500	4,986,251	2.591	50.75	64.72
1960.....	780,971	1,840,615	4,893,622	2.659	51.43	64.68
1961.....	715,985	1,698,704	4,623,981	2.722	50.32	63.57
1962.....	700,146	1,672,389	4,662,113	2.788	49.39	62.84
1963.....	679,867	1,640,868	4,629,784	2.822	48.43	62.13
1964.....	665,034	1,619,804	4,697,884	2.900	47.66	60.71
1965 <sup>3</sup> .....	639,961	1,564,736	4,793,066	3.063	46.95	61.06
1966.....	630,895	1,541,093	4,879,273	3.166	45.79	60.11
1967.....	610,191	1,466,429	4,933,663	3.364	47.59	60.13

<sup>1</sup> This is the average of 12 counts made at middle of month and differs from the number of persons receiving pay during the month of year regardless of whether for a long or short period.<sup>2</sup> In 1967, \$4,672,660,705 or 94.71 percent of the reported compensation was chargeable to operating expenses.<sup>3</sup> Effective January 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.



TABLE 12.—Average number of employees—Class I line-haul railroads (middle-of-the-month count), 1958-68

Years	Executives, officials, and staff assistants	Professional, clerical, and general	Maintenance of way and structures	Maintenance of equipment and stores	Transportation (other than train, engine, and yard)	Transportation (yard-masters, switch hostlers)	Transportation (train and engine service)	Total
1958.....	15,463	173,104	134,122	196,597	102,177	12,897	206,220	840,580
1959.....	15,155	166,713	126,988	194,514	95,598	12,388	204,153	815,509
1960.....	15,050	161,540	118,597	184,105	89,950	12,092	199,637	780,971
1961.....	14,595	151,231	105,219	163,728	82,510	11,267	187,435	715,985
1962.....	14,454	145,903	102,274	161,080	77,743	10,713	187,979	700,146
1963.....	14,505	140,617	99,297	156,884	72,475	10,302	185,787	679,867
1964.....	14,715	138,483	98,615	154,652	68,513	10,081	179,975	665,034
1965 <sup>1</sup> .....	14,766	135,860	94,633	148,425	64,847	10,019	171,411	639,961
1966.....	15,185	133,992	94,098	145,628	61,315	9,970	170,707	630,895
1967.....	15,501	131,360	90,462	138,488	57,020	9,828	167,532	610,191
June 1967.....	15,509	133,630	95,895	140,221	58,057	9,892	170,949	624,153
June 1968.....	15,836	129,314	94,474	133,519	52,880	9,640	167,151	602,814

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 13.—Selected freight service operating statistics—Class I line-haul railroads, 1958-68

Year ended Dec. 31—	Average miles of road operated	Total revenue ton-miles	Tons of revenue freight carried	Revenue per ton-mile	Miles per revenue ton per road (average haul)	Net ton-miles per mile of road per day	Train-miles per train-hour (average)	Percent of freight cars unserviceable
		<i>Millions</i>	<i>Thousands</i>	<i>Cents</i>				
1958.....	220,518	551,667	2,195,094	1.46	251.3	7,050	19.2	6.7
1959.....	219,746	575,529	2,284,611	1.44	251.9	7,384	19.5	7.5
1960.....	219,381	572,309	2,280,889	1.40	250.9	7,325	19.5	7.6
1961.....	219,428	563,361	2,192,193	1.37	257.0	7,233	19.9	8.2
1962.....	217,388	592,862	2,271,960	1.35	261.0	7,657	20.0	7.5
1963.....	216,639	621,659	2,371,137	1.31	262.2	8,054	20.1	6.9
1964.....	215,678	659,327	2,499,385	1.28	263.8	8,496	20.2	5.4
1965 <sup>1</sup> .....	212,133	697,736	2,539,304	1.27	274.8	9,161	20.1	5.1
1966.....	211,474	738,252	2,637,539	1.26	279.9	9,723	20.3	4.4
1967.....	211,835	719,397	2,570,067	1.27	279.9	9,462	20.3	4.6
January-June 1967.....	211,993	361,246	1,280,316	1.26	282.2	9,560	20.3	4.6
January-June 1968.....	211,287	373,295	1,304,042	1.29	286.3	9,864	20.4	4.8

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 14.—*Selected passenger service operating statistics—Class I line-haul railroads, 1958-68*

Year ended Dec. 31—	Average miles of road operated	Passengers carried	Total passenger-miles	Revenues per passenger per mile (includes commutation)	Revenues per passenger per mile (excludes commutation)	Passenger train-miles	Train-miles per train-hour	Percent passenger cars unserviceable
		<i>Thousands</i>	<i>Millions</i>	<i>Cents</i>	<i>Cents</i>	<i>Thousands</i>		
1958 .....	106,439	380,340	23,269	2.90	2.99	246,402	40.2	8.1
1959 .....	99,989	352,326	22,047	2.95	3.00	225,045	40.3	9.6
1960 .....	94,117	325,872	21,258	3.01	3.03	209,367	40.7	8.7
1961 .....	89,515	317,024	20,283	3.08	3.08	198,443	40.9	9.6
1962 .....	86,028	311,738	19,902	3.11	3.10	193,211	40.9	10.5
1963 .....	84,928	309,603	18,497	3.18	3.18	189,360	40.9	11.4
1964 .....	81,795	313,016	18,248	3.17	3.16	183,557	41.4	9.8
1965 <sup>1</sup> .....	76,993	298,877	17,889	3.18	3.14	172,344	41.3	7.9
1966 .....	73,173	300,370	17,095	3.18	3.13	164,264	41.3	7.8
1967 .....	67,827	296,995	15,201	3.19	3.13	149,820	41.7	8.2
January-June 1967 ..	69,877	149,659	7,360	3.23	3.18	77,459	41.5	8.6
January-June 1968 ..	60,333	148,373	6,417	3.37	3.32	63,905	41.1	7.7

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 15.—*Revenues, expenses, net income, and employment of refrigerator car lines owned or controlled by railroads, 1960-67*

Year ended Dec. 31—	Number of companies represented	Operating revenues	Operating expenses	Operating ratio	Income taxes	Net income	Employees	
							Average number	Compensation
				<i>Percent</i>				
1960 .....	8	\$141,246,762	\$102,116,944	72.30	\$3,783,820	\$13,850,666	7,320	\$38,722,259
1961 .....	8	138,021,938	102,325,996	74.14	4,682,361	8,878,573	6,608	39,169,375
1962 .....	8	140,324,418	101,654,801	72.44	2,001,244	13,830,014	6,583	37,666,715
1963 .....	7	142,293,303	104,940,685	73.75	696,677	13,877,213	6,545	38,276,464
1964 .....	7	153,105,764	108,353,974	70.77	1,703,056	16,136,320	6,452	38,468,070
1965 .....	7	155,058,757	112,096,519	72.29	1,598,525	13,385,093	6,103	41,610,360
1966 .....	7	175,680,749	118,500,027	67.45	2,966,930	15,737,697	6,124	41,134,584
1967 <sup>1</sup> .....	7	175,180,449	122,620,786	70.00	<sup>2</sup> 1,499,155	<sup>3</sup> 12,478,630	5,816	43,137,192

<sup>1</sup> Preliminary.

<sup>2</sup> Excludes income taxes on extraordinary or prior period items.

<sup>3</sup> Ordinary income, before extraordinary and prior period items. Net income for calendar year 1967 is shown in table 16.

TABLE 16.—*Carline operating income before income taxes, net income, and rate of return of refrigerator car lines owned or operated by railroads, 1960-67*

Year ended Dec. 31—	Net investment in transportation property plus working capital	Carline operating income before income taxes	Ratio of carline operating income before income taxes to net investment in transportation property plus working capital	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
			Percent			Percent
1960 -----	\$327,438,692	\$29,470,408	9.00	\$193,293,740	\$13,850,666	7.17
1961 -----	320,106,371	26,165,454	8.17	194,911,926	8,878,573	4.56
1962 -----	329,275,640	28,668,942	8.71	201,118,897	13,830,014	6.88
1963 -----	344,378,353	25,741,581	7.47	206,946,110	13,877,213	6.71
1964 -----	354,389,193	30,857,171	8.71	215,655,330	16,136,320	7.48
1965 -----	379,028,643	24,922,780	6.58	222,139,603	13,885,093	6.03
1966 -----	390,252,387	31,621,972	8.10	233,204,816	15,737,697	6.75
1967 <sup>1</sup> -----	493,768,326	24,129,322	5.98	239,145,710	<sup>2</sup> 11,376,343	<sup>2</sup> 4.76

<sup>1</sup> Preliminary.<sup>2</sup> After extraordinary and prior period items.TABLE 17.—*Selected statistics of nonrailroad controlled private car owners,<sup>1</sup> 1960-67*

Year ended Dec. 31—	Cars owned at close of year					Revenue receivable	Miles made by owned cars
	Refrigerator	Petroleum	Other tank	Other <sup>2</sup>	Total		
						Thousands	Thousands
1960 -----	20,429	78,055	80,924	75,888	255,296	\$284,706	3,226,706
1961 -----	18,649	129,541	27,058	84,613	259,861	297,470	3,194,959
1962 -----	17,453	128,368	27,783	87,076	260,680	301,000	3,350,361
1963 -----	16,554	127,526	29,156	101,183	274,419	312,868	3,456,817
1964 -----	15,211	125,876	30,562	114,462	286,111	356,252	3,550,739
1965 -----	14,750	123,738	31,488	121,064	291,040	387,625	3,666,895
1966 -----	14,940	80,592	<sup>3</sup> 76,844	137,378	309,754	434,180	4,229,578
1967 <sup>4</sup> -----	13,963	81,326	79,349	147,032	321,670	477,263	4,279,440

<sup>1</sup> Confined to owners of 10 or more cars. Does not include railroad owned or controlled refrigerator car lines.<sup>2</sup> Includes stock, gondola, hopper, airdump, box, cradle, flat, vat, etc., cars.<sup>3</sup> One large carrier's fleet has been redesignated to "Other tank" because of its multipurpose use.<sup>4</sup> Preliminary.TABLE 18.—*Operating revenues of class I intercity motor carriers of property, 1958-67*

Year ended Dec. 31—	Number of carriers represented	Operating revenues					
		Freight, intercity, common	Freight, intercity, contract	Freight, local	Transportation for other classes I and II motor carriers	Other	Total
1958 -----	866	\$3,581,070,381	\$167,611,233	\$37,994,649	\$31,043,416	\$33,585,450	\$3,851,305,129
1959 -----	890	4,261,388,069	202,372,796	44,233,742	45,855,624	36,461,897	4,590,312,128
1960 -----	935	4,384,108,648	238,583,060	50,657,948	47,797,294	42,141,074	4,763,288,024
1961 -----	972	4,583,203,216	183,338,169	52,436,172	46,641,618	42,827,530	4,908,446,705
1962 -----	1,004	5,071,596,939	210,255,010	62,420,482	40,371,191	43,711,696	5,428,355,318
1963 -----	1,004	5,388,416,804	212,452,389	67,692,483	42,691,909	45,137,687	5,756,391,272
1964 -----	1,025	5,835,182,322	200,585,024	72,293,856	43,530,199	47,873,296	6,199,464,697
1965 <sup>1</sup> -----	1,114	6,637,386,977	250,996,976	135,949,195	52,079,770	54,321,317	7,130,734,235
1966 <sup>2</sup> -----	1,155	7,315,695,561	268,411,410	155,559,013	64,067,213	78,738,483	7,882,471,680
1967 <sup>2</sup> -----	1,194	7,440,598,615	263,352,213	169,436,431	61,462,649	74,792,424	8,009,642,332

<sup>1</sup> Effective 1965, property carriers which derive 50 percent or more of their total operating revenues, excluding (1) "Intercity transportation for other class I and class II motor carriers" and (2) "Other operating revenue," from local service are classified as local carriers. Formerly these carriers were classified on the basis of 25 percent or more.<sup>2</sup> Preliminary.



TABLE 19.—*Expenses, income, and employment of class I intercity motor carriers of property, 1958-67*

Year ended Dec. 31—	Operating expenses	Operating ratio	Income taxes <sup>1</sup>	Net income	Employees	
					Average number	Compensation
		<i>Percent</i>				
1958.....	\$3,723,222,303	96.67	\$48,661,518	\$54,342,866	286,175	\$1,687,843,696
1959.....	4,391,553,404	95.67	75,619,226	91,937,429	317,606	1,999,922,882
1960.....	4,644,706,880	97.51	43,923,546	37,110,339	326,626	2,103,053,578
1961.....	4,717,566,285	96.11	72,010,216	83,767,584	323,508	2,137,999,162
1962.....	5,204,289,346	95.87	72,142,178	111,884,504	343,215	2,378,857,960
1963.....	5,520,248,782	95.90	74,547,281	121,724,524	351,104	2,545,847,548
1964.....	5,917,875,924	95.46	88,157,582	151,572,124	364,930	2,754,093,286
1965 <sup>2</sup> .....	6,760,190,140	94.80	121,328,795	208,556,970	375,386	2,948,248,807
1966 <sup>3</sup> .....	7,446,851,855	94.47	119,345,301	216,959,528	486,862	3,368,898,613
1967 <sup>3</sup> .....	7,722,056,780	96.41	<sup>4</sup> 92,368,626	<sup>5</sup> 147,646,671	418,476	3,877,631,493

<sup>1</sup> Does not include income taxes of sole proprietorships, partnerships, and corporations that have elected to be taxed under sec. 1372(a) of the Internal Revenue Code.

<sup>2</sup> Effective 1965, property carriers which derive 50 percent or more of their total operating revenues, excluding (1) "Intercity transportation for other class I and class II motor carriers" and (2) "Other operating revenue," from local service are classified as local carriers. Formerly these carriers were classified on the basis of 25 percent or more.

<sup>3</sup> Preliminary.

<sup>4</sup> Excludes income taxes on extraordinary or prior period items.

<sup>5</sup> Ordinary income, before extraordinary and prior period items. Net income for calendar year 1967 is shown in table 20.

TABLE 20.—*Net carrier operating income, net income, and rate of return, class I intercity motor carriers of property, 1958-67*

Year ended Dec. 31—	Net investment in transportation property plus working capital	Net carrier operating income	Ratio of net carrier operating income to net investment in transportation property plus working capital	Shareholders' and proprietors' equity	Net income	Ratio of net income to share holders' and proprietors' equity
			<i>Percent</i>			<i>Percent</i>
1958.....	\$837,984,737	\$127,353,202	15.20	\$642,044,785	\$54,342,866	8.46
1959.....	971,398,497	196,970,803	20.28	732,561,587	91,937,429	12.55
1960.....	1,016,435,421	117,231,299	11.53	752,088,754	37,110,339	4.93
1961.....	1,060,536,860	189,079,248	17.83	821,297,862	83,767,584	10.20
1962.....	1,155,771,592	222,186,641	19.22	905,331,308	111,884,504	12.36
1963.....	1,266,174,202	234,563,508	18.53	1,009,241,206	121,724,524	12.06
1964.....	1,385,535,389	280,203,751	20.22	1,111,857,300	151,572,124	13.63
1965 <sup>1</sup> .....	1,635,249,162	368,903,526	22.56	1,326,837,929	208,556,970	15.72
1966 <sup>2</sup> .....	1,841,880,847	358,576,963	19.47	1,379,767,556	216,959,528	15.72
1967 <sup>2</sup> .....	1,904,416,092	287,045,721	15.07	1,556,907,348	<sup>3</sup> 146,742,951	<sup>3</sup> 9.43

<sup>1</sup> Effective 1965, property carriers which derive 50 percent or more of their total operating revenues, excluding (1) "Intercity transportation for other class I and class II motor carriers" and (2) "Other operating revenue," from local service are classified as local carriers. Formerly these carriers were classified on the basis of 25 percent or more.

<sup>2</sup> Preliminary.

<sup>3</sup> After extraordinary and prior period items.

TABLE 21.—Operating revenues of class I intercity motor carriers of passengers, 1958-68

Year ended Dec. 31—	Number of carriers represented	Operating revenues				Total
		Passenger intercity schedules	Local and suburban schedules	Charter or special service	Other operating	
1958.....	136	\$328,040,128	\$17,019,995	\$30,088,440	\$34,584,511	\$409,733,074
1959.....	143	343,942,913	21,442,739	32,587,191	41,154,227	439,127,070
1960.....	143	354,794,895	26,868,306	36,015,530	45,436,433	463,115,164
1961.....	144	370,410,897	25,767,711	38,377,147	49,973,623	484,529,378
1962.....	151	406,024,181	79,412,927	46,868,828	56,251,477	588,557,413
1963.....	148	418,971,046	78,538,461	51,202,947	61,043,426	609,755,880
1964.....	161	442,010,929	79,269,145	64,006,553	69,802,540	655,089,167
1965 <sup>1</sup> .....	156	453,170,576	13,382,983	64,353,011	76,430,377	607,336,947
1966 <sup>2</sup> .....	166	476,972,314	14,142,289	72,588,471	82,239,192	645,942,266
1967 <sup>2</sup> .....	172	479,977,027	14,446,553	83,029,085	89,077,711	666,530,376
January-June 1967.....	166	.....	.....	.....	.....	301,410,072
January-June 1968.....	166	.....	.....	.....	.....	314,541,696

<sup>1</sup> Effective 1965, carriers reporting both intercity and local and suburban traffic are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenues received from intercity and local or suburban traffic. If the intercity revenues are less than 50 percent, the carriers are classified as local carriers. Formerly, carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>2</sup> Preliminary.

TABLE 22.—Expenses, income, and employment of class I intercity motor carriers of passengers, 1958-68

Year ended Dec. 31—	Operating expenses	Operating ratio	Income taxes <sup>1</sup>	Net income (adjusted) <sup>2</sup>	Employees	
					Average number	Compensation
		Percent				
1958.....	\$366,087,187	89.35	\$20,873,378	\$7,023,610	33,965	\$175,973,247
1959.....	380,254,158	86.59	28,292,178	7,587,140	33,454	183,759,036
1960.....	405,392,669	87.54	26,583,765	8,895,117	34,514	196,152,376
1961.....	422,579,715	87.21	27,431,817	10,052,396	34,875	208,686,225
1962.....	511,103,086	86.84	31,497,535	14,158,299	41,961	260,333,360
1963.....	529,007,640	86.76	34,174,804	17,658,795	42,070	270,095,800
1964.....	570,143,551	87.03	32,644,299	18,886,969	43,455	287,630,514
1965 <sup>3</sup> .....	514,202,551	84.67	37,747,547	22,976,477	35,388	249,578,587
1966 <sup>4</sup> .....	543,415,694	84.13	37,682,164	21,606,341	40,844	269,282,741
1967 <sup>4</sup> .....	588,131,577	83.24	<sup>5</sup> 30,393,212	<sup>6</sup> 22,802,570	37,575	286,725,161
January-June 1967.....	279,298,782	92.66	.....	3,974,426	.....	.....
January-June 1968.....	290,974,594	92.51	.....	<sup>6</sup> 6,716,096	.....	.....

<sup>1</sup> Does not include income taxes applicable to sole proprietorships, partnerships, and corporations that have elected to be taxed under sec. 1372(a) of the Internal Revenue Code.

<sup>2</sup> Does not include net income of Greyhound Lines, Inc. Divisions where shareholders' and proprietors' equities were not determinable.

<sup>3</sup> Effective 1965, carriers reporting both intercity and local and suburban traffic are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenues received from intercity and local or suburban traffic. If the intercity revenues are less than 50 percent, the carriers are classified as local carriers. Formerly carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>4</sup> Preliminary.

<sup>5</sup> Excludes income taxes on extraordinary and prior period items.

<sup>6</sup> Ordinary income, before extraordinary and prior period items. Net income for calendar year 1967 is shown in table 23.

TABLE 23.—*Net carrier operating income, net income, and rate of return—Class I intercity motor carriers of passengers, 1958-67*

Year ended Dec. 31—	Net investment in transportation property plus working capital	Net carrier operating income	Ratio of net carrier operating income to net investment in transportation property plus working capital	Share- holders' and proprietors' equity <sup>1</sup>	Net income <sup>2</sup>	Ratio of net income to shareholders' and proprietors' equity
			Percent			Percent
1958 .....	\$210,485,728	\$43,563,261	20.70	\$99,592,006	\$7,023,610	7.05
1959 .....	202,927,933	58,764,788	28.96	78,389,716	7,587,140	9.93
1960 .....	209,168,440	57,595,903	27.54	81,086,776	8,895,117	10.97
1961 .....	223,430,149	61,737,229	27.63	89,311,971	10,052,396	11.26
1962 .....	280,088,333	77,278,578	27.59	129,322,752	14,158,299	10.95
1963 .....	290,344,036	80,704,752	27.80	143,334,905	17,658,795	12.32
1964 .....	315,834,642	84,927,584	26.89	156,458,031	18,886,969	12.07
1965 <sup>3</sup> .....	276,758,228	93,141,308	33.65	126,457,086	22,976,477	18.17
1966 <sup>4</sup> .....	298,370,495	89,969,029	30.15	119,095,703	21,606,341	18.14
1967 <sup>4</sup> .....	318,570,632	77,910,848	24.46	197,422,823	<sup>5</sup> 28,763,374	<sup>5</sup> 14.57

<sup>1</sup> Does not include shareholders' and proprietors' equities of Greyhound Lines, Inc. Divisions where not determinable.

<sup>2</sup> Does not include net income of Greyhound Lines, Inc. Divisions where shareholders' and proprietors' equities were not determinable.

<sup>3</sup> Effective 1965, carriers reporting both intercity and local and suburban traffic are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenue received from intercity and local or suburban traffic. If the intercity revenues are less than 50 percent, the carriers are classified as local carriers. Formerly, carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>4</sup> Preliminary.

<sup>5</sup> After extraordinary and prior period items.

TABLE 24.—*Revenues of classes A and B carriers by inland and coastal waterways, 1958-68*

Year ended Dec. 31—	Number of companies repre- sented	Line-service operating revenues			Other operating revenue	Revenue from terminal operations	Total waterline operating revenues
		Freight	Passenger	Total			
1958 .....	107	\$184,832,196	\$8,672,126	\$205,449,175	\$1,960,643	\$17,282,964	\$233,445,592
1959 .....	108	191,652,002	8,456,973	212,858,861	2,282,190	17,997,014	246,514,300
1960 .....	105	195,225,405	8,277,704	219,378,402	2,586,707	19,624,116	255,416,319
1961 .....	99	184,375,902	7,970,797	208,105,642	3,135,328	20,167,666	246,196,307
1962 .....	95	185,205,743	9,170,957	212,660,189	3,115,221	20,834,015	252,455,942
1963 .....	93	193,682,005	7,372,856	216,502,107	2,867,611	20,755,364	258,054,537
1964 .....	89	185,618,591	7,738,197	211,205,882	3,035,749	21,469,871	257,857,482
1965 .....	90	204,983,560	8,111,393	233,320,885	3,026,607	21,373,849	282,638,150
1966 .....	89	221,611,015	9,424,117	239,900,628	3,372,022	25,287,916	298,089,627
1967 <sup>1</sup> .....	89	215,921,121	9,970,865	235,050,457	3,625,572	26,883,780	296,138,554
January-June 1967 .....	89	120,460,989	2,282,900	-----	-----	-----	-----
January-June 1968 .....	89	122,334,961	2,611,522	-----	-----	-----	-----

<sup>1</sup> Preliminary.



TABLE 25.—*Expenses and income of classes A and B carriers by inland and coastal waterways, 1958-67*

Year ended Dec. 31—	Operating expenses	Operating ratio	Net revenue from waterline operations	Income taxes	Net income	Employees	
						Average number	Compensation
Percent							
1958.....	\$212,418,242	90.99	\$21,027,350	\$7,961,762	\$11,966,600	14,368	\$72,580,235
1959.....	226,898,441	92.04	19,615,859	7,892,756	10,755,324	13,958	72,995,080
1960.....	234,304,390	91.73	21,111,929	9,550,154	11,968,394	14,338	77,771,929
1961.....	222,601,254	90.42	23,595,053	11,587,229	12,846,285	12,860	72,909,044
1962.....	226,402,507	89.68	26,053,435	9,748,329	15,688,197	12,163	71,634,975
1963.....	225,780,055	87.49	32,274,482	11,422,759	20,180,561	11,265	71,491,836
1964.....	222,842,636	86.42	35,014,846	12,941,993	30,029,716	10,222	67,799,956
1965.....	240,230,257	85.00	42,407,893	13,579,989	27,939,783	10,291	71,698,763
1966.....	254,433,215	85.35	43,656,412	12,223,556	31,529,861	10,397	78,858,214
1967 <sup>1</sup> .....	258,673,638	87.35	37,464,916	<sup>2</sup> 11,685,783	<sup>3</sup> 25,365,695	10,533	78,617,662

<sup>1</sup> Preliminary.<sup>2</sup> Excludes income taxes on extraordinary or prior period items.<sup>3</sup> Ordinary income, before extraordinary and prior period items. Net income for calendar year 1967 is shown in table 26.TABLE 26.—*Net revenue from waterline operations, net income, and rate of return—Classes A and B carriers by inland and coastal waterways, 1958-67*

Year ended Dec. 31	Net invest- ment in transporta- tion prop- erty plus working capital	Net revenue from waterline operations	Ratio of net revenue from water- line opera- tions to net invest- ment in transporta- tion prop- erty plus working capital	Share holders' equity	Net income	Ratio of net in- come to share- holders' equity
<i>Percent</i>						
1958.....	\$213,062,968	\$21,027,350	9.87	\$192,652,525	\$11,966,600	6.21
1959.....	228,942,072	19,615,859	8.57	199,854,655	10,755,324	5.38
1960.....	247,077,787	21,111,929	8.54	208,820,923	11,968,394	5.73
1961.....	243,758,306	23,595,053	9.68	209,207,834	12,846,285	6.14
1962.....	244,972,532	26,053,435	10.64	205,160,782	15,688,197	7.65
1963.....	245,377,362	32,274,482	13.15	213,181,394	20,180,561	9.47
1964.....	261,627,839	35,014,846	13.38	224,029,170	30,029,716	13.40
1965.....	278,361,019	42,407,893	15.23	234,398,783	27,939,783	11.92
1966.....	291,302,064	43,656,412	14.99	253,269,747	31,529,861	12.45
1967 <sup>1</sup> .....	266,914,114	37,464,916	14.04	224,713,897	<sup>2</sup> 27,344,243	<sup>2</sup> 12.17

NOTE: Long-term debt due within 1 year included in current liabilities beginning in 1963.

<sup>1</sup> Preliminary.<sup>2</sup> After extraordinary and prior period items.

TABLE 27.—*Revenues and expenses of maritime carriers, 1958-67*

Year ended Dec. 31—	Number of companies represented	Operating revenues				Waterline tax accruals	Total waterline operating expenses	Operat- ing ratio
		Coastwise and inter- coastal service	Charter	Total vessel operating	Total waterline operating			
1958.....	27	\$135,442,193	\$17,224,253	\$472,085,083	\$534,503,596	\$754,551	\$518,254,986	96.96
1959.....	26	134,127,926	17,331,267	462,377,363	530,553,819	734,462	512,637,222	96.62
1960.....	27	135,159,959	16,978,720	460,567,342	524,413,273	707,852	515,302,869	98.26
1961.....	26	107,302,361	22,584,541	439,294,532	504,679,917	689,901	494,395,776	97.96
1962.....	23	102,409,701	24,183,445	532,535,273	628,498,423	813,228	593,773,641	94.47
1963.....	21	102,346,182	20,430,141	547,732,284	652,657,076	1,171,818	627,419,122	96.13
1964.....	21	106,193,835	17,844,491	595,304,904	704,840,170	1,251,287	667,165,648	94.65
1965.....	20	103,650,563	19,834,911	579,908,021	678,980,520	1,198,952	651,990,581	96.02
1966.....	19	112,607,919	35,163,627	582,982,642	654,491,504	1,317,915	611,648,180	93.45
1967 <sup>1</sup> .....	17	77,917,812	43,761,230	602,190,258	673,927,830	1,161,303	636,581,671	94.46

<sup>1</sup> Preliminary.TABLE 28.—*Taxes, income, and employment of maritime carriers, 1958-67*

Year ended Dec. 31—	Provision for income taxes	Net income	Employees	
			Average number	Compensation
1958.....	\$7,544,461	\$9,990,093	15,688	\$133,674,681
1959.....	11,332,969	15,512,045	16,999	134,666,348
1960.....	8,443,601	4,581,479	16,256	123,669,282
1961.....	7,334,081	6,613,211	18,668	131,418,957
1962.....	11,131,684	21,203,789	16,333	138,020,796
1963.....	3,584,834	18,260,328	15,853	146,422,465
1964.....	10,339,093	26,827,910	15,561	160,546,494
1965.....	4,873,281	21,743,255	12,282	144,412,477
1966.....	12,923,890	25,338,335	10,739	113,951,878
1967 <sup>1</sup> .....	<sup>2</sup> 7,060,777	<sup>3</sup> 25,060,518	9,631	72,637,314

<sup>1</sup> Preliminary.<sup>2</sup> Excludes income taxes on extraordinary or prior period items.<sup>3</sup> Ordinary income, before extraordinary and prior period items. Net income for calendar year 1967 is shown in table 29.TABLE 29.—*Gross profit from shipping operations, net income, and rate of return of maritime carriers, 1958-67*

Year ended Dec. 31—	Net investment in transportation property plus working capital	Gross profit from shipping operations	Ratio of gross profit from shipping operations to net investment in transportation property plus working capital	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
1958.....	\$283,763,474	\$16,248,610	Percent 5.73	\$272,337,214	\$9,990,093	Percent 3.67
1959.....	278,134,950	17,916,597	6.44	280,417,369	15,512,045	5.53
1960.....	261,253,845	9,110,404	3.49	263,000,354	4,581,479	1.74
1961.....	254,092,501	10,284,141	4.05	271,353,676	6,613,211	2.44
1962.....	384,025,571	34,724,782	9.04	340,050,198	21,203,789	6.24
1963.....	397,670,350	25,237,954	6.35	352,708,211	18,260,328	5.18
1964.....	402,710,883	37,674,522	9.36	372,163,726	26,827,910	7.21
1965.....	333,067,694	26,989,939	8.10	278,472,310	21,743,255	7.81
1966.....	418,977,934	42,843,324	10.23	302,514,549	25,338,335	8.38
1967 <sup>1</sup> .....	444,760,213	37,346,159	8.40	294,775,275	<sup>2</sup> 26,523,365	<sup>3</sup> 9.00

<sup>1</sup> Preliminary.<sup>2</sup> After extraordinary and prior period items.

TABLE 30.—*Transportation revenues and transportation purchased, class A freight forwarders, 1958-67*

Year ended, Dec. 31—	Number of forwarders represented	Transportation revenues	Transportation purchased					Total
			Railroad	Motor	Water	Pickup delivery, and transfer	Other	
1958 .....	57	\$412,903,174	\$203,064,163	\$50,032,429	\$1,319,535	\$49,131,227	\$1,416,549	\$304,963,903
1959 .....	59	443,273,340	201,720,551	57,327,882	1,049,590	56,612,676	1,433,429	318,144,128
1960 .....	64	437,016,256	188,351,121	58,926,065	2,028,774	53,691,003	1,737,444	309,734,407
1961 .....	64	442,767,684	179,144,943	60,927,786	1,642,555	60,898,444	1,813,998	304,427,726
1962 .....	64	464,582,799	179,654,289	68,722,351	1,446,230	66,559,585	2,066,120	318,448,575
1963 .....	60	469,647,263	167,411,216	75,752,000	7,634,500	67,339,978	2,268,089	320,405,783
1964 .....	60	487,013,405	163,604,460	85,831,496	8,619,202	71,818,476	3,454,600	333,328,234
1965 .....	59	459,338,760	151,210,173	72,136,335	8,448,535	71,304,103	3,359,955	306,459,106
1966 .....	61	526,833,592	170,056,448	80,816,044	4,781,823	83,168,372	7,117,181	345,939,868
1967 <sup>1</sup> .....	63	518,815,040	158,620,694	82,850,082	3,983,775	84,044,790	7,349,096	336,853,437

<sup>1</sup> Preliminary.TABLE 31.—*Operating revenues, expenses, income, taxes, net income, and employment of class A freight forwarders, 1958-68*

Year ended Dec. 31—	Operating revenues	Operating expenses	Operating ratio	Revenue from for- warder operations	Income taxes	Net income	Employees	
							Average num- ber	Compensation
Percent								
1958 .....	\$112,254,137	\$104,836,918	93.39	\$7,417,219	\$2,859,452	\$4,166,892	10,523	\$52,757,019
1959 .....	129,689,016	122,477,876	94.44	7,211,140	3,159,029	3,903,103	10,881	56,594,835
1960 .....	131,719,307	126,403,920	95.96	5,315,387	2,802,458	2,796,554	10,914	57,640,390
1961 .....	143,051,861	131,926,129	92.22	11,125,732	4,388,080	6,080,013	10,749	57,561,106
1962 .....	150,383,782	136,839,432	90.99	13,544,350	5,886,134	6,770,774	10,504	59,326,489
1963 .....	152,229,176	139,043,972	91.34	13,185,204	5,617,260	7,281,857	10,076	59,542,205
1964 .....	156,205,604	145,606,411	93.15	10,699,193	4,766,231	5,122,455	9,580	59,284,093
1965 .....	155,449,613	136,525,659	87.83	18,923,954	7,482,251	11,387,606	8,457	55,188,383
1966 .....	184,025,954	160,668,473	87.31	23,359,481	9,257,004	<sup>1</sup> 11,831,672	9,341	62,464,776
1967 <sup>1</sup> .....	185,744,660	167,270,002	90.05	18,474,658	<sup>2</sup> 8,440,132	<sup>1,3</sup> 8,592,601	9,422	66,360,489
January- June 1967 .....								
January- June 1968 .....								

<sup>1</sup> Data of 1 large corporation in process of reorganization under chapter X of the Bankruptcy Act have been omitted from this item. Had such data been included, net income would be \$7,738,100.<sup>2</sup> Excludes income taxes on extraordinary or prior period items.<sup>3</sup> Ordinary income, before extraordinary and prior period items. Net income for calendar year 1967 is shown in table 32.<sup>4</sup> Preliminary.



TABLE 32.—*Revenue, less taxes, from forwarder operations, net income, and rate of return of class A freight forwarders, 1958-67*

Year ended Dec. 31—	Net investment in transportation property plus working capital	Revenue, less transportation taxes, from forwarder operations	Ratio of revenue, less transportation taxes from forwarder operations to net investment in transportation property plus working capital	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
			<i>Percent</i>			<i>Percent</i>
1958.....	\$17,805,617	\$7,173,356	40.29	\$19,484,701	\$4,166,892	21.39
1959.....	17,422,961	6,991,641	40.13	19,986,038	3,903,103	19.53
1960.....	17,292,301	5,049,494	29.20	19,321,019	2,796,554	14.47
1961.....	19,427,154	10,832,782	55.76	19,768,763	6,080,013	30.76
1962.....	20,384,472	13,235,199	64.93	22,010,549	6,770,774	30.76
1963.....	21,128,662	12,749,844	60.34	23,709,107	7,281,857	30.71
1964.....	19,617,800	10,262,632	52.31	19,809,507	5,122,455	25.86
1965.....	19,817,765	18,472,053	93.21	19,532,347	11,387,606	58.30
1966 <sup>1</sup> .....	28,294,202	22,777,532	80.50	<sup>1</sup> 20,847,351	<sup>1</sup> 11,831,672	<sup>1</sup> 56.75
1967 <sup>2</sup> .....	29,701,150	17,791,830	59.90	<sup>1</sup> 26,391,904	<sup>1</sup> 2 9,767,140	<sup>1</sup> 2 37.01

<sup>1</sup> Data of 1 large corporation in process of reorganization under chapter X of the Bankruptcy Act have been omitted from this item. Inclusion of such data would have distorted ratio of net income to shareholders' equity.

<sup>2</sup> After extraordinary and prior period items.

<sup>3</sup> Preliminary.



TABLE 34.—*Net revenue from operations, net income, and rate of return of oil pipeline companies, 1958-67*

Year ended Dec. 31—	Net investment in transportation property plus working capital	Net revenue from operations	Ratio of net revenue from operations to net investment in transportation property plus working capital	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
			<i>Percent</i>			<i>Percent</i>
1958.....	\$1,970,389,281	\$324,637,095	16.48	\$991,813,998	\$161,714,400	16.30
1959.....	2,017,783,357	352,247,067	17.46	1,040,348,423	183,345,650	17.62
1960.....	2,062,179,655	350,864,968	17.01	1,092,711,519	171,683,299	15.71
1961.....	2,108,244,322	362,959,162	17.22	1,114,677,494	181,352,272	16.27
1962.....	2,130,753,535	376,661,494	17.68	1,145,901,795	201,319,617	17.57
1963.....	2,467,844,940	391,166,943	15.85	1,229,182,428	196,131,410	15.96
1964.....	2,433,869,953	355,389,512	14.60	1,292,956,889	206,458,978	15.97
1965.....	2,481,487,161	382,242,499	15.38	1,325,968,889	215,462,204	16.25
1966.....	2,698,822,816	400,559,108	14.84	1,411,989,044	232,912,675	16.50
1967.....	2,825,886,756	420,693,720	14.89	1,451,993,065	<sup>1</sup> 256,132,720	<sup>1</sup> 17.64

<sup>1</sup> After extraordinary and prior period items.







# INDEX

For matters pertaining to one of the following modes look under the names of the particular modes: Air Carriers; Freight Forwarders; Motor Carriers; Pipelines; Private Carriers; Rail Carriers; Water Carriers. For general matters, look in the main alphabet.

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83<sup>RD</sup> ANNUAL REPORT  
OF THE  
INTERSTATE COMMERCE  
COMMISSION



FISCAL YEAR ENDED JUNE 30, 1969



U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1969

# INTERSTATE COMMERCE COMMISSION

---

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RUPERT L. MURPHY  
LAURENCE K. WALRATH  
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PAUL J. TIERNEY  
WILLARD DEASON  
DALE W. HARDIN  
DONALD L. JACKSON

H. NEIL GARSON, *Secretary*

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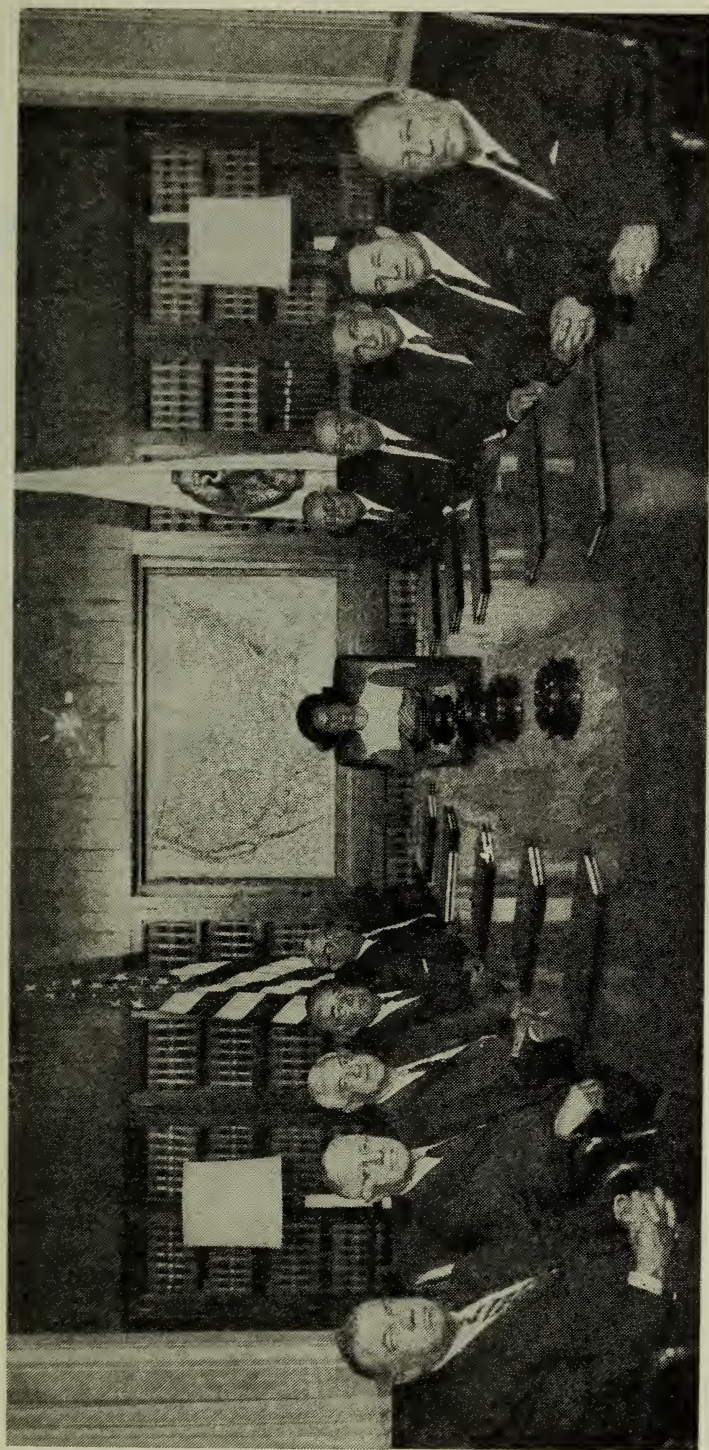
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Interstate Commerce Commissioners (left to right) Burke (deceased, June 28, 1969), Deason, Bush, Murphy, Stafford (Vice Chairman), Brown (Chairman), Tuggle, Walrath, Tierney, Hardin, Jackson.





# REPORT OF THE INTERSTATE COMMERCE COMMISSION

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WASHINGTON, D.C., *December 31, 1969.*

*To the Senate and House of Representatives:*

The Interstate Commerce Commission submits herewith its 83d Annual Report to the Congress in accordance with section 21 of the Interstate Commerce Act.

The report generally embraces the 1969 fiscal year ended June 30, 1969, except in the discussion of significant actions that transcend the 12-month period or where necessary to conform to various statistical analyses.

A statement of appropriations and aggregate expenditures for the 1969 fiscal year is contained in appendix F.

## THE COMMISSION

Commissioner Virginia Mae Brown was elected by the members of the Interstate Commerce Commission to serve as Chairman for the calendar year 1969, succeeding former Chairman Paul J. Tierney. Commissioner George M. Stafford was elected Vice Chairman. In February 1969 President Nixon nominated Donald L. Jackson for the remainder of the term of the late Commissioner Grant E. Syphers. Commissioner Wallace R. Burke died in June 1969. The Commissioners serve staggered 7-year terms. Their terms of office and States of legal residence are as follows:

Kenneth H. Tuggle----	Kentucky-----	Sept. 8, 1953	Dec. 31, 1975
Rupert L. Murphy----	Georgia-----	Dec. 30, 1955	Dec. 31, 1971
Laurence K. Walrath--	Florida-----	Mar. 29, 1956	Dec. 31, 1970
John W. Bush-----	Ohio-----	Apr. 3, 1961	Dec. 31, 1971
Paul J. Tierney-----	Maryland-----	Mar. 29, 1963	Dec. 31, 1969
Virginia Mae Brown---	West Virginia----	May 25, 1964	Dec. 31, 1970
Willard Deason-----	Texas-----	Sept. 8, 1965	Dec. 31, 1972
George M. Stafford----	Kansas-----	Apr. 26, 1967	Dec. 31, 1973
Dale W. Hardin-----	Illinois-----	July 31, 1967	Dec. 31, 1972
Donald L. Jackson----	California-----	Mar. 20, 1969	Dec. 31, 1973
Vacancy <sup>1</sup> -----			Dec. 31, 1974

A description of the Commission's organization appears in appendix A.

---

<sup>1</sup> Robert C. Gresham, Republican of Maryland, was nominated by President Nixon to fill the vacancy. The Senate confirmed the nomination Nov. 13, 1969. The oath of office was scheduled for December 15.



## INTRODUCTION

Although the Commission has been confronted with many problems flowing from an expanded economy and the realignment of urban centers into regional marketing areas, the basic concept of regulation in the public interest stemming from the National Transportation Policy and the Interstate Commerce Act has proven to be sufficiently flexible to meet the demands of both consumers and the regulated industry. Consumers in particular have benefited from our ability to keep rate levels significantly below the general indexes measuring the inflationary spiral—some rates today being below comparable levels of the 1950's. In the area of operating rights, the Commission's regulation of the entry into the motor carrier field also benefits consumers by requiring applicants to prove their fitness, as well as to demonstrate that the public convenience and necessity would best be served by their entry into this highly competitive field. Similarly, in the realm of finance, the consumer has been the beneficiary of the regulation of carriers' issuance of stock and securities.

The need for transportation regulation, its effectiveness, and the direction it should take for the future, of course, have been the continued subject of congressional inquiry. Consumer-oriented groups also have joined in this continued critical evaluation, and represent a welcome addition to the process of determining the best practical solution to our present and future transportation problems. While many of the congressional and other studies were incomplete at the end of the year, they show great promise in aiding us in reaching equitable solutions to the difficult problems we now face.

The adequacy of carrier service in a time of rising costs and rapidly changing methods of doing business has presented a special area of concern. Specifically, we have devoted substantial effort in the areas of small shipments, household goods moves, freight car shortages, and railroad passenger operations. The approaches and considerations in these areas are discussed in the following two chapters.



## SPECIAL AREAS OF SERVICE TO THE PUBLIC

Over the past few years it has become increasingly evident that certain problem areas of transportation require special attention by the Commission if the public interest is to be properly served. As already noted, these problem areas include household goods moves, railroad freight car shortages, and transportation of small shipments. While no final solution is as yet in view, some progress has been made and a framework, including legislative proposals, has been developed.

### HOUSEHOLD GOODS CARRIERS

With the January 1, 1967, institution of new rules to protect the public's interest in the practices of motor common carriers of household goods (Ex Parte No. MC-19), attention was focused on the protection and recourses available to shippers engaged in moving their personal possessions. The Commission welcomed expressions from the public so as to document the effectiveness of the rules and to assist shippers in obtaining the full measure of transportation service.

As the public's awareness of the new rules grew, the number of complaints rose to about 5,000 annually. Approximately half of these related to loss and damage claims, an area outside of the agency's jurisdiction. However, to assist the public, the Commission attempted to reach some resolution of this type of complaint, and hundreds have been satisfactorily settled, usually through the agency's direct contact with carriers' claim managers. This approach assures at least a thorough investigation of the claim by the carrier and notification to the shipper of the results.

In addition to loss and damage disputes, most household goods complaints generally result from (1) carriers' underestimating, (2) pickup and delivery difficulties, and (3) failure to notify the shipper of delivery delays. Weight controversies also result in numerous complaints by shippers.

An increasingly effective enforcement program has resulted in a number of criminal and civil forfeiture penalties. (See Enforcement chapter, p. 90.)

The enforcement program and the rules set forth in Ex Parte No. MC-19, *Practices of Motor Common Carriers of Household Goods*, reduced many of the abuses that formerly existed in the moving industry. In view of the high level of complaints which the public continued to register with the Commission, however, it became evident



that reexamination of the rules was necessary to help curtail the friction between the movers and the shipping public. A rulemaking procedure was initiated in Ex Parte No. MC-19 (Sub-No. 8), proposing a strengthening of rules to:

1. Eliminate the estimating of weights and charges by carriers, or develop improved methods of estimating to contain greater safeguards for the public.

2. Require carriers to specify and meet pickup and delivery times.

3. Require more responsive notification to the shipper of pickup or delivery delays.

4. Enclose in the bill of lading a form that will notify drivers and their employees of the penal provisions for preparing false records.

5. Improve the present information bulletin supplied by the carriers.

Focusing on another special area of the moving industry—movers' agents—the Commission opened a rulemaking procedure in Ex Parte No. MC-19 (Sub-No. 9) to examine the relationship between carriers and their agents. It was noted at the time that these agency relationships created instability and irresponsibility within the moving industry.

A person arranging for interstate movement of his furnishings usually deals with an agent and not with national van line principals. The agent is the point of contact between the public and the authorized motor common carrier of household goods. The agent's role in the rendition of interstate moving service is thus an extremely important one from both operational and public relations viewpoints, and the public judges the adequacy of the interstate household goods moving service by an agent's performance. The Commission's investigation will consider the manner in which agents are selected, their qualifications and employment agreements, and the circumstances under which agents are discharged or replaced.

It is expected that these two proceedings will enable the Commission to exert a close surveillance over the practices of the household goods moving industry. This should significantly lessen the number of abuses which have become so prevalent and so damaging to the confidence that a person should have when entrusting valuable personal belongings to a carrier certificated by the Commission to provide service to the public.

#### FREIGHT CAR SHORTAGES

A two-phase legislative package was proposed in June 1969 to alleviate the perennial railroad boxcar shortage. If this legislation is passed, it would give us authority to reorganize our car service staff and to adopt the usage of penalty per diem measures. Up to now, most of the Commission's remedies have been restricted to emergency pe-

riods when car shortages had reached a crisis level. During such times, car service directives were issued requiring the movement of cars into regions of deficiency. This mechanism was used repeatedly during the 1969 fiscal year. Also utilized was penalty demurrage—raising the daily freight car rental paid by the shipper if it held cars too long. Progress was also made toward the eventual utilization of incentive per diem measures authorized by Public Law 89-430 as a long-term remedy for car shortages.

Between these two extremes—temporary palliatives during emergency conditions and long range planning through development of incentive per diem measures—it became evident that a new dimension to the Commission's car service capability was required in order to curtail carriers' ineffectual distribution and utilization of freight cars.

The urgent need for legislation is evident when one views the prevailing inefficiency that results when an average freight car with a revenue producing load is used in road trains only 6 percent of its time and moves only 32 miles per day.

A factor contributing to the problem is the shrinking size of the car fleet to 1.8 million units, 10 percent less than 30 years ago. However, the total capacity of the present car fleet is not accurately reflected by that 10-percent reduction, due to the larger sizes, new configurations, and innovations in recent years.

Average car capacity rose 14 percent in the last decade, and average capacity of cars installed last year was 81 tons while the average for cars retired was 57 tons. Nevertheless, not all shippers can ship at minimum load requirements for larger capacity cars, and others are not able to use the full capacity of such cars.

The car shortage problem is aggravated by the trend toward specialized cars because it is the plain boxcar with its ready availability to carry general commodities that must be relied upon to correct service imbalances. Unfortunately, the size of the boxcar fleet is now only one-half of that existing 10 years ago. As rail ownership of plain boxcars declines, shortages increase. In the 1969 fiscal year daily shortages rose above the 18,000 mark during peak periods.

Factors contributing to the car shortage problem in fiscal 1969 included rail labor disputes, strikes, and work stoppage threats, which led consumers to build up inventories; longshoremen's strikes that closed the Atlantic and Gulf coasts; a bumper agricultural harvest; and movement of grain by the Commodity Credit Corporation. Despite these problems, however, the grain movement showed some improvement, due in part to Public Law 90-487, effective October 10, 1968, which amended the U.S. Grain Standards Act to permit voluntary rather than mandatory inspection of grain movement in transit and to allow use of mechanical inspection devices. This helped the grain

industry to overcome many of the transportation inefficiencies which have contributed to car supply problems at harvest time.

Although the Commission's field staff often was able to spot potential shortages of cars and, through advisory actions and voluntary responses by the rail industry, avoided many crippling deficiencies, it became apparent that formal Commission action was needed. Early in October 1968 the Commission issued Service Order No. 1009, prescribing minimal operating regulations for fleet car movement. Carriers were directed to give expeditious handling to all cars through their terminals, to promptly place all pool cars at industry locations, and to expedite the cleaning and repairing of cars at home.

Orders were also issued requiring the return of 40-ft. wide-door and 50-ft. cars to the owner empty in the absence of any loading to, via, or in the direction of the owning road. Another order, issued May 5, 1969, directed the return of covered hopper cars, after being unloaded, to the originating lines.

Field staff observations also indicated that considerable car detention was being caused by shippers and receivers holding cars beyond a reasonable time, and, again, exercising emergency authority, we issued Service Order No. 1023. This increased demurrage charges from the normal \$10 and \$15 per arbitrary day to \$25 and \$50 per day. The increased charges applied to all freight cars which, in the opinion of the Commission were in short supply. This order was permitted to expire on September 1, 1969, and is presently being challenged in court.

The fiscal 1969 car shortage experience reinforced our conclusion that improvement in car utilization can only be achieved through the combined efforts of the carriers, shippers, and Federal Government. The Commission urged enactment of penalty per diem legislation to round out its emergency authority and the long range program which Public Law 89-430 will permit. (See chapter on Legislative Activities, p. 108.)

Shortly after the close of the fiscal year, Division 3 in Ex Parte No. 241, *Investigation of Adequacy of Freight Car Ownership*, 335 I.C.C. 264, found that a continuing freight car shortage exists resulting from an inadequate ownership of general purpose freight cars by the railroads as a group and improper utilization of the available freight car fleet. The division adopted for mandatory observance a series of car service rules and a formula for determining car ownership requirements for carriers. The proceeding has been designated as one of general transportation importance.

#### SMALL SHIPMENTS BY MOTOR CARRIERS

Our annual report discussion of small shipments previously embraced all carrier modes, but in this report the activities of the various



modes are separately discussed. At the present time, the primary burden for providing small shipment service falls upon motor common carriers. Whether small shippers and shippers of small or low density units will have reasonable assurance that their transportation needs will be met is directly dependent upon the efforts made by the industry.

There are hopeful signs, but, unfortunately, there are too many instances in which carriers set up a variety of impediments to prevent operation of a smoothly flowing system for the movement of small shipments. Packaging and tariff restrictions, embargoes, and rate increases have been applied by motor carriers as a means of escaping their individual small shipment problems. The most serious threat to the maintenance of adequate small shipment service has been the increasing tendency of interline carriers to cancel through-route and joint-rate agreements with other motor carriers and a refusal to participate in new agreements.

Legislation authorizing the Commission to require establishment of joint rates and through routes by motor common carriers of property on an intramodal and an intermodal basis was recommended to the 90th Congress. The recommendation has been renewed in the 91st Congress as S. 2245 and H.R. 10853. Without enactment of this type of authority, the small shipment problem can only become more acute.

Under present law motor carriers may refuse to join their services, since the Commission has no power to compel such carriers to establish through routes and joint rates. Shippers often need motor carrier service between widely scattered points, and they must rely to a great extent upon the coordinated services of two or more carriers for the movement of any given shipment. If adequate motor carrier service is to be made available to the Nation's small towns and businesses, the Commission must be in a position to require carriers to enter into through-route arrangements where there is a public need for such service.

Pending enactment of such authority, the Commission has taken a number of steps to help improve the small shipments problem. Certain operating rights granted for new operations include a requirement that the carrier submit annual reports showing actual performance in handling multiple deliveries under its authorized certificate. And the certificate itself may have a time limitation. Performance reports, when analyzed, will aid us in fashioning additional remedies.

The Commission has instituted a rulemaking proceeding in Ex Parte No. MC-72, Motor Service on Shipments of New Furniture, recognizing that the availability of motor carrier service has become a key factor in successful distribution of the furniture industry's products. Under consideration are two novel remedies: (1) that all

motor common carriers of household goods be permitted to transport shipments of new furniture; and (2) that all motor common carriers authorized to transport new furniture be permitted to handle general commodities in mixed loads with new furniture or on reciprocal movements.

Also in the furniture field, the Commission took note of the practices of various motor carriers of general commodities refusing to participate in through routes, joint rates, and interchange agreements with respect to some authorized commodities, while, at the same time, holding themselves out to provide such service involving other authorized commodities. In *National Furniture Traffic Conference, Inc. v. Associated Truck Lines, Inc.*, 332 I.C.C. 802, the Commission found that the selective restriction by a motor carrier of its participation in through routes and joint rates on furniture, while at the same time holding out to provide through service on other commodities, was unlawful. The report stated that a carrier has a duty to observe reasonable practices under section 216(b). This duty is not relieved by section 216(c), dealing with voluntary establishment of through routes and joint rates by motor common carriers. In this particular case, the Commission found that such restriction is a disadvantage to furniture traffic in relation to other commodities, in violation of section 216(d). The Commission's decision was upheld in *Associated Truck Lines, Inc., et al. v. United States*, — F. Supp. —, on September 29, 1969.

Tariffs containing service restrictions, which in effect embargo the movement of small shipments, are not limited to the movement of new furniture. The Commission, therefore, on March 12, 1969, instituted a rulemaking proceeding in Ex Parte No. MC-77, *Restrictions on Service by Motor Common Carriers*, to consider whether a tariff rule should be adopted to forbid the filing of tariffs that restrict the scope of a carrier's authorized operation.

The upward trend in motor carrier freight rates on small shipments continued during the year. In the Bureau of Traffic's surveillance of tariffs affecting small shipments, the Freight Tariff Branch accorded particular attention to motor carriers' publication of rate and routing restrictions, high exceptions ratings on bulky articles of low density, and the addition of arbitraries to the line-haul rates. There were 72 instances in which such tariffs were referred to the Board of Suspension for possible suspension. Twelve of the rate adjustments were later protested by shippers and suspended; 35 were suspended by the Board on its own motion; five were voluntarily canceled by the carriers; and 20 were permitted to become effective as proposed.

## INFORMAL RATE CASES

Informal complaints handled by the Bureau of Traffic, Section of Rates and Informal Cases, increased by 561 cases to a total of 2,948 during the fiscal year, and the number disposed of was 2,845. Refunds of overcharges as well as adjustments in charges for misrouting of shipments by carriers were often involved. Informal handling with the carriers also resulted in many adjustments of claims for damage to freight.

Requests for authority to refund freight charges alleged to be unreasonable were made in 369 special docket applications, and refunds were authorized in 328 cases. Reparations awarded totaled \$1,741,583. The largest single award was \$148,956, covering 1,747 carloads of pulpboard, caused by a railroad's cancellation of a rate erroneously believed to be obsolete which was restored subsequent to movement.

Assistance was given to the public in interpreting tariffs and in adjusting rate and other transportation difficulties. These were handled, when possible, through informal conferences with the Commission's staff, thus saving time, effort, and expense for those involved and for the Government.



# PASSENGER SERVICE

## RAILROADS

### *Cost Study*

The last annual report (pp. 5 and 130) described the Commission's efforts to encourage the development of an adequate national policy for railroad passenger service as a component of the overall passenger movement structure. This recommendation was repeated on July 17, 1969, after completion of a study of the cost of providing passenger service by eight selected railroads. The study, requested by Senator Warren G. Magnuson, Chairman of the Senate Committee on Commerce, and Congressman Harley O. Staggers, Chairman of the House Committee on Interstate and Foreign Commerce, served to corroborate the Commission's conclusion that significant segments of present intercity rail service outside of high density population corridors will not survive the next few years absent a major change in Federal and carrier policies.

Specifically, the eight rail systems analyzed by the Commission accounted for more than 40 percent of the Nation's noncommuter rail passenger miles in 1968. The objective of the investigation was to estimate the amount these railroads could have saved if they had not operated intercity passenger service in 1968; the operations and cost examined did not include frequent train operations in densely populated regions, such as the Northeast Corridor.

The cost calculations were based on the concept of net avoidable expenses—expenses, rents, and taxes (excluding income taxes), which could be eliminated following a complete discontinuance of service, less the revenues which would be lost and any additional expense later incurred.

It was found that the net avoidable expenses totaled \$118 million (before taxes) for 1968 compared with a full deficit of \$214.3 million reported by the eight carriers under the Commission's accounting rules for the separation of freight and passenger expenses. The study noted that the ICC full deficit greatly overstated the savings which the railroad could have made.

Under the net avoidable expense concept the eight railroads eventually would have saved (before income taxes) \$118 million more in expenses than they would have lost in revenues. For every \$1 in revenues these carriers, as a group, would have lost by not operating any intercity passenger service, they would have avoided \$1.83 in

expenses. If the eight lines' passenger service had been discontinued at one time, annual cash flow would have eventually increased by \$61 million. Cash flow represents the funds available for capital investment and dividends.

The report observed that the Nation's intercity rail passenger service declined rapidly during the past two decades. In calendar 1967 a sharp curtailment occurred, and in 1968 an even greater decrease occurred as intercity passenger-miles declined 20 percent, the largest drop in any year since the post-World War II era.

The table indicates the prevailing revenue trends.

*Intercity (noncommutation) operations—class I railroads, 1959–68*

Year	Revenue passengers <sup>1</sup>	Passenger revenue <sup>2</sup>	Revenue passenger- miles	Total revenues
	<i>Millions</i>	<i>Millions</i>	<i>Billions</i>	<i>Millions</i>
1959-----	130.9	\$526.5	17.5	\$1,077.8
1960-----	122.8	517.6	17.1	1,053.9
1961-----	118.5	497.5	16.2	1,025.8
1962-----	117.2	492.1	15.9	1,022.2
1963-----	114.5	457.9	14.4	976.8
1964-----	114.8	443.4	14.0	951.2
1965 <sup>3</sup> -----	106.3	416.4	13.3	905.7
1966-----	105.3	403.7	12.9	877.9
1967-----	98.1	341.4	10.9	733.9
1968-----	92.1	291.0	8.7	532.7

<sup>1</sup> The suburban service of a number of eastern railroads is included in reported noncommutation operations and tends to distort the intercity data. For example, the Long Island Rail Road's suburban service was credited with carrying 18.6 million intercity passengers in 1968, approximately 20 percent of total U.S. noncommutation rail passengers. Because of the shorter suburban service trips, intercity revenue and passenger-mile data are distorted to a lesser extent.

<sup>2</sup> Limited to revenues from transportation of passengers. Excludes parlor and sleeping car revenues and revenues from transportation of such items as baggage, mail, and express.

<sup>3</sup> Data prior to 1965 should be adjusted for changes in number of class I railroads. For details of 1964 adjustment, see 80th Annual Report to Congress.

Source: Bureau of Accounts, Statement Q-220 (OS-B).

In June 1968 there were some 590 regular intercity trains. A year later less than 500 were in scheduled service, and about 50 of these were involved in discontinuance proceedings before the Commission.

In view of the need for prompt resolution of the rail passenger problem and the mounting losses to the carriers, Congress was urged to authorize an immediate evaluation of future public requirements for rail passenger travel, the cost of providing such service, and the degree of necessary Federal assistance. Pending such an evaluation, we recommended more restrictive provisions on the discontinuance of the last remaining passenger trains on intercity rail routes. (See chapter on Legislative Activities, p. 110.)

### *Discontinuance Cases*

By statute, the Commission's primary regulatory function in connection with rail passenger service has been to decide whether to retain trains which the railroads propose to discontinue. Section 13a(1), enacted in 1958, provides that service cannot be ordered continued unless the interstate trains in question are required by the pub-

lic convenience and necessity and do not unduly burden interstate or foreign commerce.

This year 52 notices were filed to discontinue interstate trains, of which two were withdrawn, as compared to 73 filed during the last fiscal year. This constituted the second highest annual number of filings since enactment of section 13a in 1958. Most discontinuance notices filed with the Commission involve intercity rather than commuter service.

*Discontinuance proceedings (interstate)—section 13a(1)*

	Fiscal year—											Total
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	
Notices filed.....	28	21	14	16	13	21	24	31	33	73	50	324
Trains discontinued.....	24	89	20	50	14	89	47	96	53	117	120	719
Trains required to continue in service.....	14	11	6	26	9	13	11	250	18	39	31	428
Dismissed or withdrawn <sup>1</sup> .....	5	2	8	0	8	8	10	107	86	12	2	248

<sup>1</sup> Not included in notices filed.

The Commission required the continuance of 31 interstate and six intrastate trains, while 120 interstate and seven intrastate trains were permitted to be discontinued. However, many of the trains permitted to be discontinued were involved in the rearrangements of schedules in situations where service to the public was continued. Fifty-one of the interstate trains permitted to be discontinued involved the Penn Central's restructuring of its service between New York City, New Haven, Boston, and Springfield. This action by the railroad was taken in order to facilitate institution of its new turbojet train service between New York City and Boston. Hence, there is no necessary correlation between the number of trains which cease operation and a lessening of service to the public.

Some of the trains required to be continued involved famous-name trains such as the "Sunset" between New Orleans and Los Angeles, the "Cascade" between Portland and Oakland, the "City of San Francisco" between Ogden and Oakland, the "Portland Rose" between Kansas City and Portland, the "California Zephyr" between Ogden and Oakland, the "Admiral" between Chicago and New York City, the "Penn Texas" and "Spirit of St. Louis" between New York City and St. Louis, and the "Wabash Cannon Ball" between St. Louis and Detroit. This was the second time the Commission required the "Spirit of St. Louis," the "California Zephyr," and the "Wabash Cannon Ball" trains to be continued.

Notices were filed for the third time in an effort to discontinue the "Spirit of St. Louis" and the "California Zephyr" trains. Notices filed



for the second time included the "Mainstreeter" between St. Paul and Seattle, the "City of San Francisco," the "Penn Texas," and the "Admiral." These discontinuances are the subject of pending proceedings, except that one "Penn Texas" and one "Spirit of St. Louis" train have been permitted to be discontinued, and the two remaining trains have been consolidated to operate in lieu of the four trains previously operating between New York City and St. Louis.

#### *Quality and Adequacy of Service*

Contrasted with the flood of discontinuance moves by the railroads were some noteworthy efforts to improve service, but these were mostly limited to commuter-type operations. The first operating product of the High-Speed Ground Transportation Act was activated January 16, 1969, when the Penn Central's Metroliner began service between Washington and New York City. As additional trains were added in this service, patronage grew and reservations generally were sold out. It appeared, judging by public acceptance, that the high-speed operation was reasonably competitive with air service between Washington and New York, Penn Central's turbojet rail service between New York and Boston over the former New Haven tracks began April 8, 1969. Because of the number of stops and the relatively modest upgrading of the roadbed, the operating schedule over the line was initially reduced only 36 minutes below the fastest conventional train.

Despite the enthusiastic reception accorded the high-speed rail service introduced during the year, some intercity operations evidenced a decrease in quality. In several proceedings carriers were found to have purposefully downgraded the quality of their rail passenger service. In view of these practices, the requested discontinuances were denied and the carriers were ordered to refrain from such acts in the future.

The continuing deterioration of Southern Pacific rail passenger service impelled five State rail regulatory commissions and three cities to petition the Commission to institute an investigation, under section 12(1) of the act, into the adequacy of passenger service between Los Angeles and New Orleans. The investigation was instituted in docket No. 34733. The hearing examiner, in his report, recommended that the Commission promulgate national standards of rail passenger service.

An oral argument was held this year before the entire Commission on the following issues: (1) the extent of the Commission's jurisdiction over railroad passenger service; (2) whether the Commission should have the power to prescribe minimum quality standards for

interstate passenger trains; and (3) the merits of the instant proceeding.

On September 12, 1969, the Commission issued its finding that it lacked jurisdiction over the quality of rail passenger service. Simultaneously, it announced that it would seek congressional authority to enable it to regulate the adequacy of rail passenger operations. New and radical standards for the quality of service would not be sought but, rather, restoration of reasonable standards of service, equipment, and facilities, giving due regard to a railroad's resources and the willingness of the public to provide support and patronage.

### *Commuter Service*

Although there have been extensive losses in rail patronage and passenger revenues in intercity operations, the number of rail commuter revenue passengers has increased in recent years. In the 1968 calendar year, more commuter passengers were counted than in any year since 1959.

There was an increase in 1968 of 100 million revenue passenger-miles over 1967 totals.

#### *Commuter operations—class I railroads, 1959–68*

Year	Commuter revenue passengers <sup>2</sup>	Commuter passenger revenues	Commuter revenue passenger- miles
	<i>Millions</i>	<i>Millions</i>	<i>Billions</i>
1959.....	221.4	\$125.1	4.5
1960.....	203.0	122.4	4.2
1961.....	198.4	126.9	4.1
1962.....	194.5	126.7	4.0
1963.....	195.1	130.0	4.1
1964.....	198.2	134.2	4.2
1965 <sup>1</sup> .....	192.6	136.4	4.1
1966.....	195.1	139.7	4.2
1967.....	198.9	143.8	4.3
1968.....	203.5	153.1	4.4

<sup>1</sup> Data prior to 1965 should be adjusted for change in number of class I railroads. For details of 1964 adjustment, see 80th Annual Report to Congress.

<sup>2</sup> The number of commuter passengers are understated because a substantial number of suburban service passengers are reported as intercity.

Source: Bureau of Accounts, Statement Q-220 (OS-B).

Significant levels of rail commuter operations are confined to five cities in the United States: New York; Chicago; Boston; Philadelphia; and San Francisco. In each of those areas, programs to rejuvenate metropolitan area rail transportation are under way and in various stages of completion. These programs involve local, State, and Federal governments, and both publicly and privately owned rail facilities in a joint effort to improve the quantity and the attractiveness of rail commuter operations. A Federal grant of \$25.2 million on December 27, 1968, by the Urban Mass Transportation Administration of the Department of Transportation (DOT) will make possible the

reequipping of the Illinois Central electrified suburban service in the Chicago area. This was the first project in which 100 percent of the local share of project costs came from private funds (the railroad company's parent).

## MOTOR CARRIERS

### *Economic Aspects*

The number of intercity regular-route passenger-miles annually recorded by class I bus carriers dipped in calendar 1967 and dropped further in 1968 when a prolonged strike against a major intercity carrier curtailed service. Although passenger-miles were down in 1968, passenger revenues of class I motor carriers of passengers set an industry record, rising to \$776.7 million, a 3-percent increase over 1967. The revenue gain resulted largely from fare increases (see p. 75). Express revenues rose to an estimated \$80.5 million, approximately 9 percent of overall revenues.

#### *Passenger operations of class I motor carriers of passengers, 1968 and 1967*

	Year		Percent change
	1968	1967	
	Millions	Millions	
Total:			
Revenue passengers.....	658.6	672.3	-2.0
Passenger revenues.....	\$776.7	\$754.8	+2.9
Bus-miles operated.....	1,217.3	1,233.0	-1.3
Intercity schedules:			
Revenue passengers.....	179.6	183.9	-2.3
Passenger revenues.....	\$500.7	\$491.6	+1.9
Bus-miles operated.....	843.5	863.7	-2.3
Local and suburban schedules:			
Revenue passengers.....	401.1	415.4	-3.4
Passenger revenues.....	\$137.4	\$133.1	+3.2
Bus-miles operated.....	177.6	178.1	-0.3
Charter or special service:			
Revenue passengers.....	77.9	73.0	+6.7
Passenger revenues.....	\$138.6	\$130.1	+6.5
Bus-miles operated.....	196.2	191.2	+2.6

Source: Bureau of Accounts, Annual Statement A-750.

#### *Passenger operations of class I motor carriers of passengers, 1959 and 1968*

Type of service	Number of revenue passengers	Passenger revenues	Bus-miles operated
Total reported operations:			
1959.....millions..	745.6	\$514.2	1,005.5
1968.....do.....	658.6	\$776.7	1,217.3
Change.....percent..	-11.7	+51.1	+21.1
Intercity schedules:			
1959.....millions..	186.5	\$355.3	739.9
1968.....do.....	179.6	\$500.7	843.5
Change.....percent..	-3.7	+40.9	+14.0
Local and suburban schedules:			
1959.....millions..	521.0	\$107.6	180.5
1968.....do.....	401.1	\$137.4	177.6
Change.....percent..	-23.0	+27.7	-1.6
Charter or special service:			
1959.....millions..	38.1	\$51.3	85.1
1968.....do.....	77.9	\$138.6	196.2
Change.....percent..	+104.5	+170.2	+130.6

Source: Bureau of Accounts, Annual Statements A-750, 1959 and 1968.



The proportion of bus-miles operated in regular-route intercity service has declined steadily since World War II as charter and special services have grown. In 1968, miles of regular-route intercity and local-suburban service represented almost 84 percent of the total compared with nearly 92 percent in 1959.

Although charter and special service travel increased 2.6 percent in 1968 over 1967, in terms of bus-miles, the increase was considerably smaller than those of the past decade, due in large part to the civil unrest which affected educational travel tours. The volume of travel in charter and special service, as measured in bus-miles, has increased over 130 percent since 1959. The continued increase in such operations is of major concern to the bus industry, which is trying to tailor its operations to changing consumer demands. The carriers have been considering a number of innovations designed to increase charter and special service revenues, such as the maxi-cab experiment—transit buses which bring workers directly from their homes to their places of work. This service, now being tested at Flint, Mich., is financed to a large degree by a Federal Government grant.

### Cases

As mentioned in our 82nd report, the reports and recommended orders of the examiners have been served in Ex Parte No. MC-29 (Sub-No. 1), *Passenger Transportation in Special Operations*, and Ex Parte No. MC-29 (Sub-No. 2), *Operations of Brokers of Passenger Transportation*. Exceptions to both recommended reports have now been filed and the proposals will be further considered on the basis of these exceptions. In addition, the Commission has been requested to entertain oral argument on the issues raised in these proceedings.

In *Fox River Bus Lines, Inc., Ext.—Charter Operations*, 107 M.C.C. 672, which embraces No. MC-C-4861, *Fox River Bus Lines, Inc., Investigation of Operations*, Division 1 considered the legality of the operations of a Wisconsin motorbus operator and of a companion application to continue such operations. It was necessary to determine whether the carrier's activities were exempt from economic regulation, pursuant to the school bus exemption in section 203(b) (1) of the act. The division found that the operator's use of a commercial-type bus in interstate school charter operations would not defeat the exemption, but because the exemption refers to "motor vehicles employed solely in transporting school children", and the involved vehicles were being used to transport various other groups and commercial interests, all requirements of the exemption were not met. The companion application was denied on a finding that adequate service was available from

the protestants and that no public need was shown for the applicant's additional service. Appellate Division 1 subsequently vacated the order to the extent that it enjoined interstate transportation of school children under the exemption, and reopened the proceedings for further consideration.

In *Manhattan Transit Co. v. Staats Herold Corp.*, 108 M.C.C. 168, a New York City newspaper was charged with illegally operating as a broker of passengers. The defendant had entered into a purported agency agreement with an authorized broker. However, the defendant itself assumed the power to establish and develop tours, to arrange for and sell transportation, to enter into contracts, to establish charges, to take the risk of profit or loss, and to maintain records of the transportation arranged.

Division 1 found that a licensed broker may act through employees or designated agents in soliciting patrons, but it may not delegate to another, under a purported agency agreement, the basic, discretionary functions of direction and control for which an authorized holder of a license is primarily responsible. The power to exercise a broker's primary functions may only be leased, sold, or otherwise transferred with the prior approval of the Commission; otherwise, a broker could select so-called agents and endlessly duplicate brokerage services without the approval of the Commission required by section 211 of the act.

The division found in this case that the defendant performed functions of basic direction and control, rather than the broker upon whose license it relied, and a cease and desist order was entered.

Although most of the formal cases involving bus operations concern operating rights matters, bus fares also become highly active issues. In Investigation and Suspension (I. & S.) docket No. M-23042, *Nation-Wide Bus Fare Increase—1969*, tariffs for increased bus fares were filed with the Commission. The rate increases were allowed to go into effect April 15, 1969, but were placed under investigation. This case embraces all motor common carriers of passengers throughout the country. They have been ordered to submit data showing their actual expenses and revenue and the sum of money needed to pay total operating expenses, rents, interest on debt, and Federal and State taxes, and to attract equity capital needed for the conduct of their operations. Data are also required regarding carrier-affiliate financial and operating relationships and transactions. After the carriers have submitted the required data, an opportunity for a hearing will then be afforded any party seeking to cross-examine the carriers' witnesses. This special procedure order serves a two-fold purpose: (1) it makes more certain that the record will contain data as to the revenue need

for all carriers, large and small; and (2) it serves to expedite the hearing by having the carriers' prepared material distributed in advance.

### INTERCITY PASSENGER TRAFFIC

Data in the intercity traffic table which follows include both public and private transportation. As shown in this table, the record high of 1,081 billion passenger-miles, up 5.9 percent from the 1967 figure of 1,021 billion, was primarily attributed to increases in private automobile and air travel.

Railroads, continuing to show a trend of decreasing passenger-miles, registered a 13.6-percent drop and were the only group in 1968 recording a decline in passenger-miles. Private automobile and bus traffic posted identical percentage gains of 5.24 percent. Water carriers, after declining in the previous year, posted a modest gain from 3.4 billion passenger-miles in 1967 to 3.5 billion passenger-miles in 1968. Airlines were the only class of carriers to increase their share of total traffic. For the second consecutive year the gain in air passenger-miles exceeded the rail annual passenger-mile total. Although private automobile traffic recorded the greatest absolute gain in 1968, 46.6 billion passenger-miles, its share of total traffic decreased slightly from 87.2 to 86.7 percent. Decreases in the shares of other modes were likewise modest.

The charts on page 21 show the trends in intercity passenger-miles since 1949.

*Intercity passenger-miles, public and private, by kinds of transportation, 1967 and 1968<sup>1</sup>*

Agency	1967 (millions)	1968 (millions)	Percent change	Percent of grand total	
				1967	1968
1. Railroads and electric railways.....	15,344	13,265	-13.55	1.50	1.23
2. Motor vehicles: <sup>2</sup>					
Motor carriers of passengers.....	24,906	26,211	+5.24	2.44	2.42
Private automobiles.....	889,800	936,426	+5.24	87.18	86.66
Total motor vehicle.....	914,706	962,637	+5.24	89.62	89.08
3. Inland waterways, including Great Lakes <sup>3</sup> .....	3,356	3,480	+3.69	.33	.32
4. Airways (domestic revenue, pleasure and business flying).....	87,241	101,189	+15.99	8.55	9.37
Grand total.....	1,020,647	1,080,571	+5.87	100.00	100.00

<sup>1</sup> Data for 1968 are preliminary. Alaska and Hawaii are included.

<sup>2</sup> Schoolbus data are excluded.

<sup>3</sup> By far the largest proportion, probably in excess of 90 percent, consists of unregulated and pleasure boat traffic.

Sources (paragraphs below are numbered to correspond with items in table):

1. Reports to the Interstate Commerce Commission. Electric railway passenger-miles are estimated on the basis of revenues and tariffs.

2. Passenger-miles in private automobiles based on data from the Bureau of Public Roads on rural and intercity travel and average loads. Motor carrier passenger-miles based on Census of Transportation, Public Roads, and Interstate Commerce Commission data. Bus and automobile data for 1967 and 1968 should be regarded as preliminary.

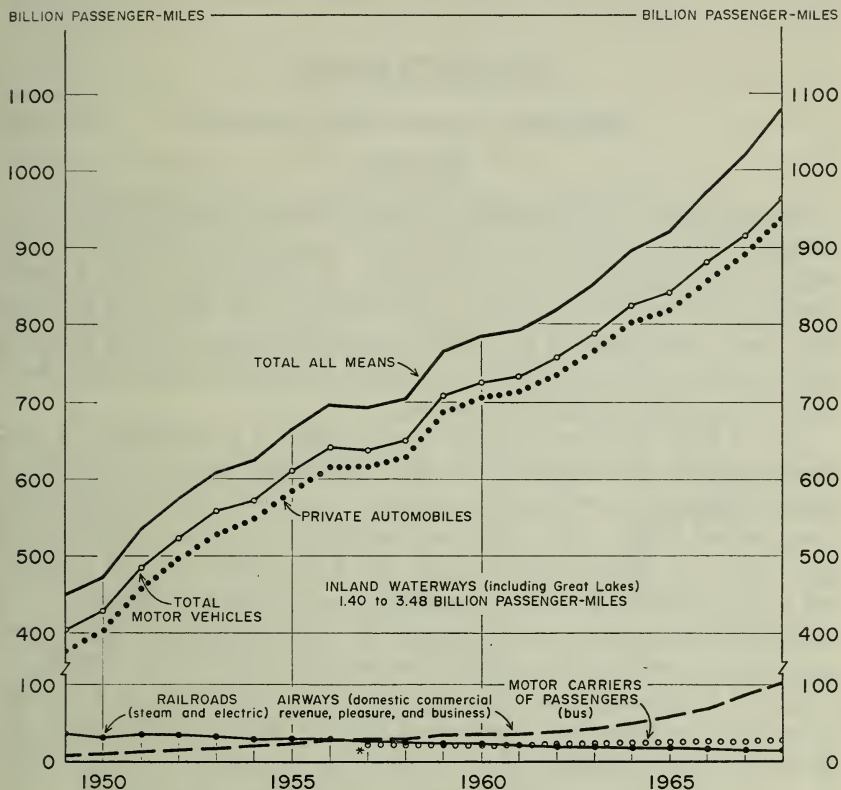
3. Based on Interstate Commerce Commission, Coast Guard, and other data.

4. Based on Civil Aeronautics Board statistics, Federal Aviation Agency surveys, and other data. Covers domestic traffic, excluding movements over international waters and foreign countries. These figures include Alaska and Hawaii; they are not comparable with data in Annual Reports prior to the 75th.

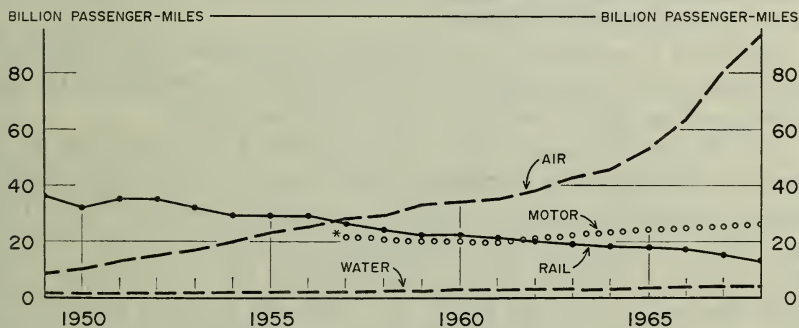


## INTERCITY PASSENGER-MILES, 1949-1968

## TOTAL INTERCITY PASSENGER-MILES



## REVENUE INTERCITY PASSENGER-MILES



\* Data for 1949-1956 on motor carriers not comparable because of change in base.

Source: 1949-1956, I.C.C., Bureau of Transport Economics and Statistics, *Intercity Passenger-Miles, 1949-1956*, Statement No. 580; 1957-1967, Annual Reports of the Interstate Commerce Commission; 1968, staff estimates.

# UNIFICATIONS

## MERGERS AND CONTROL ACTIONS

### *Railroads*

During fiscal 1969 the pace of the rail merger movement continued unabated with a substantial caseload pending in the Commission. Two major rail unifications are the subject of litigation in the Federal courts. Two mergers of equal significance in the east and midwest have been recommended by hearing examiners and are now pending final decision. Other unifications of lesser importance either have been decided or are awaiting final decision.

One of the major problems of recent origin is the entrance of non-transportation corporations into the rail merger movement. Many of these corporations, which have come to be known as conglomerates, have gained initial access into rail unifications by the acquisition of one carrier—a situation over which the Commission has no jurisdiction under existing law. The so-called conglomerate is subject to our jurisdiction only when it proliferates by the acquisition of more than one common carrier. To enlarge Commission jurisdiction over transportation conglomerates, legislation has been introduced in Congress to amend the Interstate Commerce Act to require Commission approval of the acquisition of one carrier by a noncarrier. In addition, we are undertaking an independent study of the conglomerate movement with a view to assessing its anticompetitive implications and its impact upon the public interest.

Following is a summary of the major unification cases decided by the Commission during fiscal 1969. Included is a description of cases either pending in the courts or before the Commission.

*New Haven Inclusion and Reorganization.* As we indicated in the 82nd Annual Report, a condition to the approval of the Penn Central merger required the merged company to absorb the New Haven Railroad (NH) which has been in reorganization under section 77 of the Bankruptcy Act since 1961 (*Pennsylvania R. Co.—Merger—New York Central R. Co.*, 327 I.C.C. 475, 553). In a report and order of November 16, 1967, 331 I.C.C. 643, as modified on March 1, 1968, 331 I.C.C. 754, we directed the inclusion of the NH into the Penn Central system and approved the first step of the NH's reorganization plan, after determining that both the value of NH's properties and the value of the consideration to be received approximated \$125 million.

The latter two reports and orders were remanded to us by the U.S. District Court for the Southern District of New York and the Connecticut Reorganization Court, principally on the matter of the value of the NH properties and the consideration to be paid by Penn Central for NH assets, *Bondholders Committee v. U.S.*, 289 F. Supp. 418; and *In re N.Y., N.H. and H. R. Co.*, 289 F. Supp. 451. After further hearings, we issued a supplemental report and order on November 25, 1968, modifying our prior reports and orders of November 16, 1967, and March 18, 1968, primarily respecting property valuation and the price to be paid by Penn Central. We held that the liquidation value of the NH is \$162.7 million and that, after applying a \$22.1 million discount, the adjusted liquidation value is \$140.6 million. We approved the second step of the reorganization plan, involving the classification of claims and the treatment of creditors and stockholders, and ordered inclusion of the NH into Penn Central by January 1, 1969 (334 I.C.C. 25). Pursuant to an order of the Connecticut Reorganization Court of December 24, 1968, NH inclusion into the Penn Central system took place as directed on December 31, 1968, without prejudice to the right of any party to contest the fairness and adequacy of the consideration. On May 28, 1969, the Reorganization Court issued a memorandum of decision on the issue of the price to be paid for NH assets, pointing out, among other things, that it was not proper to reduce the liquidation value of NH properties by \$22.1 million as we had done in our report and order of November 25, 1968, to make allowance for a reduction of \$15,386,000 in the value of the NH estate because of a delay in starting liquidation and a \$6,695,000 bulk sale discount. The Reorganization Court requested that we furnish to it, on or before June 11, 1969, a new computation of the discount for present value of NH's liquidation proceeds. The information requested by the court has been submitted and the matter is still pending review.

*Northern Lines Merger.* Reversing our prior decision of March 31, 1966 (331 I.C.C. 228), due in part to the modification of the original merger plan, we approved in fiscal 1968 the merger of the Great Northern, the Northern Pacific, the Burlington, the Pacific Coast, and the Spokane, Portland & Southern railroads (331 I.C.C. 228 and 331 I.C.C. 869). For details and policy considerations underlying our reports and orders approving the merger, see our 82d Annual Report, pages 58-60. In a decision dated November 20, 1968, the U.S. District Court for the District of Columbia sustained our reports and orders. The matter is pending in the Supreme Court.

*Seaboard Coast Line-Piedmont and Northern Merger.* In the Seaboard and Atlantic Coast Line merger decision, 320 I.C.C. 122, we retained jurisdiction for a period of 5 years to enable certain named railroads, including Piedmont, to petition for inclusion in the trans-



action. As a result of this condition, Seaboard and Piedmont entered into a merger agreement, in which it was agreed, among other things, that one share of Piedmont stock would be exchanged for 1.5 shares of Seaboard common stock. Both carriers and the unions involved reached agreement respecting employee protective benefits, including attrition-type protection and monetary allowances similar to those agreed upon in the Seaboard Coast Line merger. On May 13, 1969, we approved the Seaboard-Piedmont merger, subject to various routing conditions and appropriate employee protection for nonunion employees. *Seaboard Coast Line R. Co.—Merger—Piedmont*, 334 I.C.C. 378.

In denying Southern's petition for inclusion in the transaction, we rejected Southern's contention that it would be competitively disadvantaged, concluding that while Seaboard may gain a slight competitive advantage over Southern in the Piedmont area, it is not enough to significantly affect the operations or efficiency of either Southern or Seaboard in terms of net income or service to the public. Other reasons for denying Southern's petition were that (1) Southern's acquisition of Piedmont's South Carolina Division would create a dislocation of the transportation programs of shippers who are now geared to the present rail competitive structure; (2) no showing or claim was made that the Seaboard-Piedmont merger would divert traffic from Southern or from any other railroad; (3) no shipper would be placed in a worse position by a denial of Southern's inclusion petition; (4) no showing was made that Southern's inclusion in the transaction would result in any improvement in service; and (5) Southern is not one of the railroads specified in the inclusion condition of the *Seaboard-Coast Line* merger decision, *supra*.

*Louisville & Nashville-Chicago & Eastern Illinois—Purchase.* As in the case of the *Seaboard-Piedmont* merger, the unification of the Louisville & Nashville Railroad (L&N) and the Chicago & Eastern Illinois Railroad (C&EI), which we approved in fiscal 1969, arose as an adjunct to a prior Commission proceeding. As a condition to approval of the acquisition by the Missouri Pacific Railroad (MoPac) of stock control of the C&EI, we required MoPac to negotiate with L&N for the sale to L&N of a segment of C&EI's line. *Missouri Pac. R. Co.—Control—Chicago & E.I. R. Co.*, 327 I.C.C. 279.

Pursuant to that condition, we approved on October 23, 1968, the sale to the L&N of (1) C&EI's line of railroad between Evansville, Ind., and Woodland Junction, Ill., known as the Evansville line; (2) an undivided one-half interest of C&EI's line between Woodland Junction and Dolton Junction, Ill.; (3) one-half of C&EI's 20-percent stock interest in the Chicago & Western Indiana Railroad Company (C&WI); and (4) certain equipment and industrial property. *Louis-*

*ville & N. R. Co.—Pur.—Chicago & E.I. R. Co.*, 334 I.C.C. 273. The purchase price was about \$40 million, and the sale was completed on June 9, 1969. The purpose of the sale and other terms and conditions was to enable the L&N to provide service between Evansville and Chicago. However, in order to assure the L&N ingress into the city of Chicago itself, it must operate over the lines of the C&WI and the Chicago Belt Railroad. To this end, we approved a trackage right agreement on May 27, 1969, between the L&N and C&WI, since operation by the L&N as a proprietary tenant is not feasible. *Louisville & N. R. Co. Trackage Rights*, 334 I.C.C. 412. The L&N has been granted temporary authority by Service Order No. 1027 over the Chicago Belt Railroad pending disposition of its application for a stock interest in the Chicago Belt Railroad to permit operations over trackage of that railroad.

The C&WI trackage involved in the transaction extends 17 miles from Dolton Junction, Ill., where it connects with the C&EI track to Dearborn Station in Chicago, where it connects with the trackage of the Chicago Belt Railroad covering the entire city itself.

Both the L&N purchase and trackage rights proceedings are subject to appropriate employee-protective conditions and traffic conditions for competing railroads.

We approved a number of other unifications during fiscal 1969 which involved either smaller railroads or transactions of lesser significance. For example, in *St. Louis-San Francisco Railway Co.—Merger—Birmingham Belt Railroad Co.*, finance docket No. 25070, decided July 19, 1968, we authorized the St. Louis-San Francisco Railway Co. (Frisco) to acquire the properties, assets, and franchises of the 38-mile Birmingham Belt Railroad upon terms mutually agreeable to both carriers. Frisco, the sole stockholder and owner of all outstanding bonds and demand notes of Birmingham Belt, agreed to cancel all of its rights in its securities as consideration of its acquisition. The transaction has been consummated.

In *Union Pacific Railroad Co.—Purchase—Mount Hood Railroad Co. And—Control—Mount Hood Railway Co.*, finance docket No. 25217, decided October 1, 1968, we authorized Union Pacific to purchase all of the property of the 22-mile Mount Hood Railroad Co. for a cash consideration of \$1.1 million, to resell to the Mount Hood Railway Co., a newly organized corporation, in consideration of securities, such property as is necessary for the continued operation of the purchased line of railroad, and to control through stock ownership the Mount Hood Railway Co. The transactions were completed in fiscal year 1969.

In *Alabama Great Southern Railroad Co.—Merger—New Orleans & Northeastern Railroad Co.*, finance docket No. 25205, decided December 9, 1968, we authorized the merger of the properties of the New



Orleans & Northeastern Railroad Co into the Alabama Great Southern Railroad Co. and the acquisition by the Southern Railway of sole control of Alabama Great Southern. Since the Southern already owned all of the capital stock of New Orleans & Northeastern and controlled Alabama and Southern through stock ownership, the purpose of the transactions was to bring about a corporate simplification of the Southern system. The transactions were consummated on December 31, 1968. In a similar unification, in the interest of simplification of management and operation, we authorized the Green Bay & Western Railroad Co. to acquire all of the assets, properties and franchises of its wholly owned subsidiary, the Kewaunee, Green Bay & Western Railroad Co. Upon consummation of the transaction, the Kewaunee railroad was dissolved and its assets transferred to the Green Bay & Western, *Green Bay & Western Railroad Co.—Merger—Kewaunee, Green Bay & Western Railroad Co.*, finance docket No. 25337, by order served December 23, 1968.

In other intrasystem unifications, we authorized the renewal of a 99-year lease between the Little Miami Railroad Co. and the Penn Central (which controls Little Miami), through ownership, directly or indirectly, of its capital stock, *Penn Central Co.—Lease—Little Miami Railroad Co.*, finance docket No. 25362, by order served March 21, 1969. In a somewhat similar situation, we approved the merger of the properties of the Elmira and Williamsport Railroad into the Pennel Co. (both of which are operated and controlled by Penn Central), and the modification of the lease under which Penn Central operates the properties of Elmira so as to provide for the continued operations of Elmira. The purpose of these transactions was to eliminate Elmira as a corporate entity of the Penn Central system, to simplify management, and thus to promote more efficient and economical operations, *Pennel Co.—Merger—Elmira & Williamsport Railroad Co., and Penn Central Co. Lease*, finance docket No. 25405.

In *Spokane, Portland & Seattle Railway Company and Union Pacific Railroad Company—Control—Peninsula Terminal Company*, finance docket No. 24679, decided June 6, 1969, we authorized the Spokane and the Union Pacific to acquire control of Peninsula, a 3.79-mile terminal switching railroad in East Portland, Oreg., through the purchase, in equal shares, of its entire capital stock. We denied petitions of the Southern Pacific and the Milwaukee road for inclusion in the transaction because both railroads do not presently connect with Peninsula, they have never connected with it, and their direct service to Peninsula's industries would constitute a new operation and an invasion of Spokane's and Union Pacific's territory.

In *Tennessee Central Ry. Co. Abandonment*, 334 I.C.C. 235, we authorized the Illinois Central, the L&N, and the Harriman & North-



eastern, a subsidiary of the Southern Railway Co., to purchase and operate the line of the defunct Tennessee Central Railway and, at the same time, we approved the total abandonment of the line by Tennessee Central. The consideration for the entire line and certain equipment was \$1.6 million, divided between the three purchasers in proportion to the amount of property each purchased. The purpose of the transactions was to preserve and continue the operation of Tennessee Central and to facilitate the termination of its affairs under the Bankruptcy Act. Since the purchases were preceded by a total abandonment of the Tennessee Central line and the acquisition of the line would not affect employees, no employee protection was imposed. The three purchases were consummated during fiscal year 1969.

*North Western-Milwaukee Consolidation.* In finance docket No. 24182, a hearing examiner issued a report and order on December 18, 1968, recommending the merger of the Chicago & North Western Railway (the North Western) and the Chicago, Milwaukee, St. Paul & Pacific Railroad (the Milwaukee) and the acquisition of control of the merged company by Northwest Industries, Inc., a noncarrier corporation now in control of the North Western. The examiner also recommended that the Commission investigate generally the role of corporate conglomerates such as Northwest Industries, Inc., whose stock is to be exchanged in this case for stock of the Milwaukee. The examiner estimated that the merged company would realize annual savings of \$31.7 million because of more efficient operations not possible under independent management. Among other things, he recommended that the merged company be required to make an annual indemnity payment of \$1 million to the Chicago, Rock Island & Pacific Railroad to cover estimated traffic diversion resulting from the merger, and that the Soo Line be given the right of ingress into Milwaukee and Green Bay, Wis., over the merged company's tracks. The examiner recommended that Northwest Industries, Inc., be made subject to part I of the Interstate Commerce Act to the extent of being required to file reports with the Commission from time to time. Exceptions to the examiner's report and replies to exceptions have been filed, oral argument has been held, and the matter is pending a final decision by the Commission.

*Norfolk & Western-Chesapeake & Ohio Merger.* In finance docket No. 23832, a hearing examiner, in a report and order served March 20, 1969, recommended approval of the proposed merger of the Norfolk & Western (N&W) and the Chesapeake & Ohio (C&O), subject to various conditions, including a retention-of-jurisdiction provision for 10 years following the unification to require the possible divestiture by the merged company of its lines west of the Mississippi River. He recommended the absorption of the Central of New Jersey, the Boston

& Maine, and the Reading railroads, and the merger of the Baltimore & Ohio (B&O) and Western Maryland, both controlled respectively by C&O and B&O, into the N&W-C&O system. Exceptions to the examiner's report and recommended order have been filed and the matter is pending oral argument before the Commission.

*Rock Island Acquisition.* Hearings were concluded during fiscal year 1969 on consolidated proceedings in which four railroads seek to acquire all or portions of the Chicago, Rock Island & Pacific Railroad (Rock Island). In finance docket Nos. 22688 and 23285, North Western and Union Pacific seek control of Rock Island, and Union Pacific proposes a Rock Island merger. In finance docket Nos. 23595 and 23919, Southern Pacific & Santa Fe seek authority to purchase portions of the Rock Island, while Southern Pacific Transport Co. seeks authority to acquire a portion of the motor carrier rights of the Rock Island Motor Transit Co. Briefs have been filed and the various proposals are pending the hearing examiners' report and recommended order.

*Illinois Central Railroad-Gulf, Mobile & Ohio Railroad.* In finance docket No. 25103, hearings are in progress on a section 5(2) application under which the Illinois Central Gulf Railroad Co., a new corporation which is to become an operating carrier upon consummation of the transaction, seeks authority to acquire the properties and operating authorities of the Illinois Central Railroad and the Gulf, Mobile & Ohio Railroad. As a part of the plan, Illinois Central Industries, Inc., a noncarrier controlling the Illinois Central Railroad Co. through stock ownership, seeks authority to acquire sole control of the Illinois Central Gulf Railroad Co. through stock ownership. Three small railroads have requested to be included in the transaction. Since the Union Pacific owns a substantial bloc of stock in the Illinois Central Railroad, one of the major issues in the proceeding involves the *de facto* control of that railroad. Hearings are expected to be concluded in the early fall of 1969.

*Louisville & Nashville—Merger—Monon.* In finance docket No. 25309, hearings are in progress on a section 5(2) application to merge the properties of the Louisville & Nashville and the Monon railroads.

*Penn Central Holding Co.—Acquisition of Penn Central.* In finance docket No. 25660, the Penn Central Holding Co., a noncarrier incorporated on April 1, 1969, sought authority under section 5(2) for authority to acquire control of Penn Central Co., and the carriers controlled by it, through ownership of the capital stock of the Penn Central Co. Division 3, by order served on August 14, 1969, dismissed the application for lack of jurisdiction.

*Motor Carriers*

A total of 353 motor carrier purchase, control and merger applications was filed in fiscal 1969 under section 5 of the act, compared to 371 in 1968. Related applications seeking authority under section 210a(b) of the act for temporary control or lease of the motor carrier rights and properties involved in the applications under section 5, were filed in connection with 215 of the latter proceedings. This compares with 187 such applications filed in 1968. Of the section 5 applications filed in 1969, 303 were granted in whole or in part, and 31 were denied. Similar figures for 1968 were 303 and 30, respectively.

Applications for transfer or lease of operating rights under section 212(b) and section 206(a) (6) and (7) totaled 858 for 1969 as compared to 859 for 1968. Of these applications, 715 were granted in whole or in part, and 75 were denied. Similar figures for 1968 were 728 and 84, respectively.

*Cases decided.*—In the prior annual report there was discussed the pendency, in No. MC-F-9961, of what was considered to be one of the largest motor carrier transactions presented for consideration under section 5 in recent years. The transaction proposed the merger of D. C. International, Inc. (D. C.), a transcontinental carrier, and Los Angeles-Seattle Motor Express, Inc., (LASME), a north-south carrier between Los Angeles and Vancouver, British Columbia, into TIME Freight, Inc. (TIME), also a transcontinental carrier. Adding to the importance of the transaction was the fact that TIME would also have acquired control of Red Ball Express Co. (Red Ball), a wholly-owned subsidiary of D. C., with routes radiating from Omaha, north to Sioux City, west to Denver, east to Chicago, and South to Kansas City, Mo. Subsequent to the hearing, however, the transaction was amended to eliminate the acquisition by TIME of control of Red Ball since the latter's stock had been sold to Sanistac, a non-carrier corporation, for \$1,225,000 cash in a transaction not subject to the Commission's jurisdiction under the act. The amended transaction was subsequently approved and consummated.

Another transaction approved by the Commission and consummated by the parties in No. MC-F-10108 resulted in the merger of two of the Nation's largest common carriers of general freight, Yankee Lines, Inc., and Mason & Dixon Lines, Inc., with the latter being the surviving corporation. While a number of competing carriers initially opposed the merger, all opposition was withdrawn prior to the close of the hearing. The merger provides Mason & Dixon with a network of regular routes throughout eastern territory, with Chicago and New York City as terminal points on the north and Atlanta and Memphis on the south. On a pro forma basis, Mason & Dixon estimates initial



annual gross revenues of \$48,707,358, with net income, after taxes, of \$1,814,474.

A third significant transaction approved by the Commission and consummated by the parties is one that united the first and sixth largest tank-truck carriers in the Nation by merger of the Tank Line Division of Ryder Truck Lines, Inc., into Chemical Leaman Tank Lines, Inc. (104 M.C.C. 686). The latter operates principally in the northeastern quadrant of the United States and adjacent Canada. The merger would extend its operations to encompass the Southeastern and Southwestern States, the Middle West, and California.

Another of the largest motor common carriers in the Nation, Consolidated Freightways Corp. of Delaware, was authorized to substantially extend its sphere of operations during fiscal 1969. Consolidated's operations, transcontinental in scope, were particularly concentrated in the entire Pacific coast area west of the Rocky Mountains, with a further point of concentration in the northeast quadrant of the country between Kansas City, St. Louis, Mo., and the Twin Cities, Minn., on the west, and Boston, New York City, and Washington, D.C., on the east. It was authorized to acquire control of Southern-Plaza Express, Inc., with routes extending between Chicago, Ill., on the north, and Memphis, Tenn., and Houston and San Antonio, Tex., on the south, joining Consolidated's then existing routes at St. Louis and Kansas City (104 M.C.C. 194, 379, and 658). Authority to serve one of the few areas remaining outside the scope of its operating rights was acquired by Consolidated as a result of proceedings (109 M.C.C. 76) approving the merger into Consolidated of Dance Freight Lines, Inc., and the latter's subsidiary, Reliance Trucking Co., Inc. The service area acquired was in territory lying east and south of Houston, Memphis, Louisville, Cincinnati, and Washington.

Court action has been instituted by a protestant motor carrier in connection with a decision (104 M.C.C. 730) which would, if affirmed, permit Carolina Freight Carriers Corp. through purchase of Wilson's Motor Transit to institute a single-line service for the transportation of general freight over regular routes between Chicago, Ill., and North and South Carolina, Georgia, and Florida.

*Cases pending.*—In No. MC-F-10502, Ringsby Truck Lines, Inc., one of the largest carriers in the western part of the country, proposes to acquire control of United-Buckingham Freight Lines, Inc., and the latter's numerous subsidiaries, including three other motor carriers, Miller & Brown, Ltd., Norwalk Truck Lines, Inc., and Norwalk Truck Lines, Inc., of Delaware. Control would be acquired by the purchase of 58.92 percent of the stock of United-Buckingham for approximately \$9,816,000. The latter and its subsidiaries operate as common carriers of general commodities over a network of regular routes reaching

across the Nation between New England points and points in the Pacific Northwest, serving intermediate points in all States generally north of a line extending from Baltimore, Md., through St. Louis, Denver, and Boise to Portland, Ore. In No. MC-F-10514, Yellow Freight System, Inc., a Midwest carrier, including operations in Ohio, seeks to purchase the operating rights of the two Norwalk subsidiaries lying generally east of Cleveland, Ohio. A consideration of approximately \$2 million is involved in the transaction.

In No. MC-F-9594, Tri-State Motor Transit Co.—Purchase—H. Messick, Inc., a hearing examiner has recommended that Tri-State, a common carrier, be authorized to purchase the operating rights of Messick, a contract carrier, subject to certain conditions; and, in related proceedings, that Tri-State be granted common carrier authority coextensive with Messick's contract carrier authority, subject to certain conditions and restrictions. Three motor common carriers presented evidence in opposition to the applications. Tri-State transports primarily explosives and blasting materials, serving points in 27 mid- and far-western States. A wholly owned subsidiary, Hughes Transportation, Inc., performs a similar service in southern States east of the Mississippi River. The examiner found that the principal benefits that would inure to Tri-State from the transaction would be the availability of additional sources of Government traffic in the east and south, and the opportunity to obtain traffic from various commercial shippers of explosives served by Messick.

In No. MC-F-10320, East Texas Motor Freight Lines, Inc., would acquire the motor carrier properties of Consolidated Copperstate Lines for \$17,400,000. The combined operations of these motor common carriers of general commodities extend over regular routes between Seattle, San Francisco, and Los Angeles, on the one hand, and, on the other, Chicago, Detroit, and Atlanta, via principal points in eastern Texas. In No. MC-F-9894, East Texas would expand its service in the area traversed by its Chicago-Texas routes through the purchase of the operating rights and property of Lee American Freight System, Inc., for approximately \$4,225,000.

Briefly, other pending proceedings involving some of the larger carriers are (1) No. MC-F-10448, wherein Middle Atlantic Transportation Co., a relatively large motor common carrier of general commodities operating over regular routes between the midwest and eastern points, which grosses about \$15 million annually. It encountered serious financial difficulties and is being temporarily operated by Branch Motor Express in connection with a proposal of the latter to acquire control of Middle Atlantic through purchase of its outstanding capital stock for \$3 million. Principal operations of Branch as a common carrier of general commodities are over regular and irregular

routes in eastern seaboard States; (2) No. MC-F-10405, wherein Hemingway Transport, Inc., proposes to acquire control and merge the properties of New Dixie Lines, Inc., and was granted temporary authority to operate New Dixie. These carriers of general commodities provide substantial operations between New England and the southern States north of Florida; and (3) No. MC-F-10121, wherein McLean Trucking Co. seeks authority to acquire control of and to merge with Herrin Transportation Co. Both are motor common carriers of general commodities with the routes of the former extending throughout most States east of the Mississippi River. Additional authority acquired would be in the States of Arkansas, Florida, Georgia, Louisiana, Tennessee, and Texas. The consideration involved is approximately \$4 million.

*Other proceedings under section 5.*—The U.S. District Court for the District of New Jersey sustained the decision and order of the Commission (104 M.C.C. 608) approving under section 5(2) the acquisition of control by Pepsico, Inc., a conglomerate corporation, through its wholly owned subsidiary, Spedco, Inc., of North American Van Lines, Inc., a nationwide carrier of household goods. The court also sustained the Commission's concurrent approval under section 5(1) of the substitution of Spedco for North American under the latter's agreement with its carrier agents and, at the same time, upheld the Commission's decision to exempt Pepsico from the provisions of section 5(3) relating to the reporting, accounting, and securities provisions of the act.

Pepsico's five major subdivisions are: (1) Pepsi Cola which produces and distributes soft drinks throughout the United States; (2) Frito-Lay which produces and markets snack foods throughout the Nation; (3) Pepsico International which markets Pepsico products in foreign countries; (4) Empire State Sugar which refines and sells sugar, with refineries in Long Island City, and Auburn, N.Y.; and (5) Lease Plan International (LPI), Pepsico's service division which, in turn, has four divisions operating through 56 subsidiaries. In addition to its business of leasing automobiles, trucks, and trailers, LPI controls two motor contract carriers, Beer Transport, Inc., and Relay Transport, Inc., and three motor common carriers, Whitehouse Trucking, Inc., National Trailer Convoy, Inc., and Flagstaff Trailer Sales, Inc.

#### CONGLOMERATE MERGERS AND DIVERSIFICATIONS

The expansion of Commission-regulated carriers, particularly the railroads, into nontransportation activities has prompted considerable comment in the Congress, the press, and elsewhere. While regu-



lated transportation carriers have always engaged in a measure, often substantial, of nontransportation business, the recent trend is more pronounced and widespread. Corresponding to these diversification efforts has been the renewal of the noncarrier holding company whose use was widespread in the railroad industry in the early years of this century as a device for controlling other railroads.

Holding companies are useful mechanisms for controlling both the transportation and nontransportation activities under a common management. Many holding companies are created by carriers themselves for diversification purposes and they may control only the carrier bringing them into being.

One-carrier holding companies are exempt from section 5(2) of the act which governs the acquisition of control of a carrier by merger or otherwise. In its present form, section 5(2) requires the prior approval of the Commission for the acquisition of a carrier subject to that section by a person other than a carrier (a noncarrier) only in situations where the noncarrier seeks to acquire control of two or more carriers or seeks to control a second carrier, having previously acquired control of one carrier. Legislation has been introduced in the first session of the 91st Congress (S. 1398, H.R. 7373, and H.R. 7374) to amend section 5 to require prior Commission approval of the acquisition of one carrier by a noncarrier.

Because of these developments in transportation diversification and the use of the conglomerate holding company device, the Commission initiated an internal staff investigation. This inquiry is considering the nature and extent of carrier diversification, the reasons for such diversification, and the possible effects of diversification (into nontransportation activities and transportation conglomerates) on the ability of the carriers involved to meet their service obligations to the public. Although initially confined to the railroads, this inquiry has been subsequently expanded to cover all Commission-regulated modes.

Of the carriers subject to Commission jurisdiction, the railroads and the motor carriers have become the most heavily involved in the present conglomerate movement. Water carriers, particularly some of the large ones, have been diversified or subsidiaries of large national corporations for some time. Oil pipeline companies are, in large part, subsidiaries of major oil companies. Class I railroad companies, which are or are reported soon to be part of conglomerate firms, own about 50 percent of total class I railroad assets. For a summary of economic data relating to conglomerates, see the accompanying table.

*Capital structure of conglomerate holding companies formed and being formed with major railroad component,<sup>1</sup> as of Dec. 31, 1968*

[Dollars in millions]

Holding company	Debt	Equity	Percent debt	Percent equity
Bangor Punta Corp. <sup>2 4</sup>	\$119.5	\$113.5	51.3	48.7
Boston & Maine Corp. <sup>2</sup>	74.7	105.3	41.5	58.5
Denver & Rio Grande Western <sup>3</sup>	90.6	154.1	37.0	63.0
Illinois Central Ind. <sup>2</sup>	251.9	652.9	27.8	72.2
Kansas City Southern Ind. <sup>3</sup>	116.9	134.9	46.4	53.6
Katy Ind. <sup>2</sup>	122.7	17.6	87.5	12.5
Mississippi River Corp. <sup>2</sup>	97.1	99.4	49.4	50.6
Northwest Ind. <sup>2</sup>	427.3	606.5	41.3	58.7
Penn Central Co. <sup>2</sup>	2,286.5	2,983.5	43.4	56.6
Penn Central Co. <sup>3 5</sup>	1,606.9	2,039.2	44.1	55.9
Pennsylvania Co. <sup>3 5</sup>	55.4	419.1	11.7	88.3
Santa Fe Ind. <sup>2</sup>	439.1	1,254.7	25.9	74.1
Seaboard Coast Line Ind. <sup>3</sup>	377.9	727.7	34.2	65.8
Southern Pacific System <sup>2</sup>	790.1	1,856.6	29.9	70.1
Union Pacific System <sup>2</sup>	246.7	1,674.5	12.8	87.2
Total	5,441.0	10,381.2	34.4	65.6

<sup>1</sup> See explanatory notes.

<sup>2</sup> Consolidated basis.

<sup>3</sup> Company or railroad only basis.

<sup>4</sup> As of Sept. 30, 1968.

<sup>5</sup> Excluded from totals.

Explanatory Notes To Table

Re *Seaboard Coast Line*: Based on *Moody's Transportation News*, dated May 23, 1969, p. 1646, Seaboard Coast Line Industries, Inc., which was formed May 1, as new parent of Seaboard Coast Line R.R. Co. through a share-for-share exchange of stock, will hold talks with Atlantic Coast Line Co., Bridgeport, Conn., a holding company that currently owns 15.25 percent of Seaboard Coast Line, aimed at possible merger or consolidation of the 2 companies.

Status under I.C. Act of the tabulated companies :

A. Applications dismissed by the Commission :

1. Bangor Punta Corp.
2. Boston & Maine Industries, Inc.
3. Kansas City Southern Industries, Inc.
4. Katy Industries, Inc.
5. Seaboard Coast Line Industries, Inc.
6. Penn Central Holding Co.
7. Southern Pacific Co.

B. Applications to the Commission for approval of acquisition of a railroad by a holding company never filed :

1. Rio Grande Industries, Inc.
2. Santa Fe Industries, Inc.
3. Union Pacific Corp.

C. Applicants subject to sec. 20 (1) (2) :

1. Illinois Central Industries, Inc.
2. Mississippi River Corp.
3. Northwest Industries, Inc.

Railroad companies appear to have joined in conglomerate ventures primarily to improve profits through diversification. In their diversification programs, they have invested in a wide variety of enterprises from chemical companies to wearing apparel licensors.

Rail interest in conglomerates has also stemmed from prospective tax benefits. Some railroads have had substantial tax credits which might be used to offset nontransport earnings of affiliates. The probable existence of over-capacity in rail plant favors railroad interest in conglomeration, for it presents opportunities to place the proceeds of disinvestment of unused capacity in investments producing higher returns.

In the case of railroads that are reasonably profitable, there would seem to be minimal concern that railroad disinvestment would ad-

versely affect the provision of adequate service to the public. On the other hand, it must be recognized that the conglomerate holding company can be used for disinvestment in railroad property and reinvestment in nontransport enterprises.

With the power to control the policies of the railroad subsidiary while not subject to regulation, the holding company may have scant regard for transportation obligations if they appear to conflict with the interests of its stockholders.

Nothing presently in the act directly prevents a railroad from acquiring stock of nontransport companies, or any properties, so long as it is done without issuance of securities or assumption of the others' obligations or liabilities. While the railroads are subject to Commission accounting regulations, such outside companies are not.

The Commission may deny the application of a carrier for the issuance of securities to acquire nontransport enterprises. As a general rule, the use of the proceeds from such issuances are authorized only if they benefit transportation. The issuance should be for some lawful purpose compatible with the public interest, and should not impair the carrier's ability, financially or otherwise, to perform its service to the public as a common carrier.

The problems ordinarily posed by conglomerate mergers arise more frequently in the context of an acquisition where two or more carriers would be controlled by the holding company. The Commission's authorization is required in this situation and, if the authorization is granted, the Commission is empowered to designate the non-carrier as a carrier subject to regulations relating to reports, accounts, issuance of securities, and assumptions of obligation or liability with respect to securities. The problem of a noncarrier acquisition of multi-unit integrated rail systems is receiving continuous study by the Commission.

Two significant motor transportation trends today are diversifications by motor carriers and purchases of trucking firms by companies outside the industry. Although both trends are relatively recent, prevailing economic conditions indicate that they will continue at an accelerated rate in the future.

Motor carrier diversifications are presently being accomplished in many instances by use of holding companies. The use of holding companies by motor carriers as a tool for expansion has been increasing rapidly.



## FREIGHT RATES AND SERVICES

The inflation in prices and wages continued, and the year's activity in the rate area consequently featured efforts by carriers of all modes to meet their increased expenses by general increases in their rates and charges. Selective rate reductions were made in some circumstances where particular traffic was threatened by diversion, but overall, intermodal competition was subordinated to the problem of obtaining revenues to meet higher costs.

### RAILROADS

#### *General Increases in Rates*

As referred to at page 21 of our 82d Annual Report, we authorized the railroads to establish a flat increase of 3 percent, which became effective on June 24, 1968, pending our investigation in Ex Parte No. 259 of the specific increases proposed by the carriers, ranging generally from 3 to 10 percent. In an interim report, *Increased Freight Rates, 1968*, 332 I.C.C. 590, which was addressed primarily to the carriers' costs and their revenue needs, we found that a critical need had been shown for additional rail revenue, and we permitted the proposed increases to become effective, subject to then pending subordinate investigations regarding particular commodities, and subject also to certain exceptions. Thereafter, in our report of January 9, 1969, 332 I.C.C. 714, we considered the evidence concerning the groups of commodities on which separate hearings were held, and, subject to specific modifications and holddowns, we approved the remainder of the increases. The evidence regarding revenue need showed that at the full level of increased rates sought in both Ex Parte Nos. 256 and 259, the revenues would fall short of meeting the increase in the carriers' expenses since 1966. Several individual suits have been instituted in courts against our order in Ex Parte No. 259.

The railroads held public hearings in June 1969 concerning their proposal to increase rates and charges for particular commodities and services, primarily the latter, in lieu of another general rate increase. There were estimates that the additional revenue would amount to about \$60 million.

As the fiscal year ended, there were indications in the press that the railroads were considering the filing of another general increase in rates.

*Other Significant Proceedings*

By a decision and order, Division 2 affirmed the report of a hearing examiner in *Transit Charges, Southern Territory* (embracing also *Transit Charges in Southern States*), 332 I.C.C. 664. In the title proceeding, the southern railroads proposed a minimum transit charge of \$22 per outbound car (principally on cotton and grain products), from transit points which had not previously been subject to any such charge. In the embraced proceeding, an investigation had been instituted into proposed or existing charges similar to the \$22 charge which represented changes in preexisting charges. With respect to the latter, it was found that the issue was moot since a \$22 minimum charge had been authorized in Ex Parte No. 256 (the 1967 general increase proceeding), subsequent to the institution of the investigation. In the title proceeding, it was found that the existing line-haul rates specifically included the transit service, and that the carriers had failed to show that the total revenue from the line-haul rates and the proposed extra charge would not exceed a maximum reasonable level.

In a proceeding involving intramodal competition, *Motor Vehicles, Kansas City, Mo., to Southwest*, 332 I.C.C. 615, Division 2 found proposed reduced joint rail-motor rates on motor vehicles from Kansas City and St. Louis, Mo., to points in New Mexico, Oklahoma, and Texas, via Floydada, Tex., not shown to be lawful. The St. Louis-San Francisco Railway (Frisco) sought to equalize the rates to the destinations via its unloading ramps at Floydada with corresponding rail-motor rates maintained by the Atchison, Topeka & Santa Fe Railway via the latter's ramps at Amarillo, Tex. The Santa Fe had the geographic advantage to much of the area, but the Frisco had the advantage to points east and south of Floydada. The Santa Fe threatened to reduce its rates to restore the differential, and General Motors said it would use the lowest-rated route. The division found that in numerous instances the proposed reductions were below the out-of-pocket cost of service, that they might provoke pressure for reductions to competitive markets, and that they would result in a useless waste of carrier revenues.

We found a reduced rail proportional rate on corn products from origins in northern Illinois to Kankakee, Ill., but restricted against movement beyond Kankakee through Chicago, Ill., to be unlawful because it would commercially close a route open and available for many years and on a rate parity with Kankakee, and to be unduly prejudicial to Chicago and unduly preferential to Kankakee. *Corn and Corn Products, Illinois to Official Territory*, 332 I.C.C. 485.

Two complaints growing out of the establishment of unit-train rates on coal by the railroads were considered in *Huron Portland Cement Co. v. B. & O. R. Co.*, 332 I.C.C. 655. The complainants, manu-

facturers of steel (at Sault Ste. Marie, Ontario) and cement (at Alpena, Mich.), used 250,000 and 500,000 tons, respectively, of steam coal annually, which moved from mines to Toledo, Ohio, for transshipment via lake vessels. The railroads maintained lower carload rates from the same mines to Toledo for similar transshipment; but to other destinations the rates were based on certain minimum annual tonnages which were less than the quantities used by the complainants. The principal contention was that the lower rates were unjustly discriminatory. Division 2 found that the lower rates had been established to prevent loss of coal traffic to pipeline transportation or to substitution of natural gas and residual oil by utilities, and concluded that the different competitive situation was a circumstance or condition sufficiently dissimilar to justify the different rate treatment.

The most recent innovation in rail transportation pricing—the so-called rent-a-train plan—was considered in *Grain by Rent-a-Train. I.F.A. Territory to Gulf Ports*, 335 I.C.C. 111. The Illinois Central proposed an annual charge of \$1 million if the train consisted of its own cars; \$700,000 if composed of shipper's or receiver's cars; and, if the train consisted of both the carrier's and the shipper's cars, \$700,000 plus \$3,489 for each carrier car used. A further ton-mile charge was made, subject to a minimum of \$5 per train mile, loaded or empty. The charges were published on corn, oats, and wheat, in bulk, in covered hopper cars, from the carrier's stations in Illinois to five Gulf ports in the New Orleans, La., area for export. The carrier guaranteed a minimum average running speed of 25 miles per hour, with provision for proportionate reduction of the charges for delayed arrivals. The purpose of the proposal was to open the export market to the east-central producing area of Illinois not accessible to low-cost barge transportation. Division 2 approved the principle of rent-a-train charges as a form of annual discount rates, but found that, in certain respects, the proposal had not been shown to be just and reasonable, without prejudice to the filing of new schedules reflecting the views expressed. The guaranteed speed and related refund provisions, the failure to provide for alternation of other rates, and the failure to provide a specific minimum annual tonnage or the equivalent in train trips were found unlawful.

In *Public Belt R. Comm. v. Aberdeen & R.R. Co.*, 335 I.C.C. 162, on reconsideration, the practice of the defendant line-haul railroads in absorbing less than the full switching charges of the Public Belt Railroad Commission of New Orleans while absorbing the full switching charges of other carriers at New Orleans and at competing Gulf ports, was found unreasonable, unduly prejudicial, and unjustly discriminatory to shippers and receivers of freight served by the Public Belt



Railroad, and unduly prejudicial to the port of New Orleans. The carriers were ordered to cease and desist therefrom.

Hearings began in March 1969, on the complaint docketed as No. 34822, Lake Carriers Association v. New York Central Railroad, et al., attacking the refusal of the railroads to establish unit-train rates on coal to the Lake Erie ports of Conneaut, Ashtabula, Lorain, Sandusky, and Toledo, for movement beyond over the Great Lakes, on the same basis as they established directly to customers in the Lakes area.

A similar complaint in No. 34998, Great Lakes Ship Owners' Assoc. et al. v. Chicago & N. W. R. Co., was the subject of a report and recommended order served in January 1969. A final report was pending at the end of the fiscal year.

### MOTOR CARRIERS

#### *General Increases in Rates*

General increases in rates proposed in *General Increase, Middle Atlantic and New England*, 332 I.C.C. 820, *Increased Rates and Charges, Pacific Inland Terr.*, 332 I.C.C. 845, and *Increased Rates and Charges, Middlewest Terr.*, 335 I.C.C. 142, were disapproved. In each case, an order of proof was issued detailing the type of data we believed to be necessary to determine whether the increases were just and reasonable, but not foreclosing the carriers from using any method which would produce reliable information. In each case, we found that the evidence submitted in support of the proposed increases was deficient. In the *Middle Atlantic and New England* proceeding, the traffic and expense data were found to be not representative and reliable, and carrier efficiency and need for revenue not established. In the *Pacific Inland* proceedings, the data selected by the carriers were found not to be representative, the treatment of certain cost factors to be defective, the data to show revenue need inadequate, and the carrier-affiliate statistics to have been obtained only from volunteers. In the *Middlewest* proceeding, certain expense data were offered by a witness who could not stand cross-examination and they were consequently withdrawn, leaving no reliable evidence to demonstrate the effect of wage rates on profit margins. In addition, deficiencies in the evidence submitted to show revenue need and rate of return were identified and discussed.

In *Increased Rates and Minimum Charges, South*, 335 I.C.C. 77, an increase of 5 percent in minimum charges and on rates on shipments under 1,000 pounds, within, to, and from the south, was approved, but a 3-percent increase on certain other less-than-truckload or any-quantity shipments 1,000 pounds and over was found not shown to be lawful. The evidence regarding revenue, costs, ratios, affiliates, efficiencies, and traffic data was found to be reasonably representative and reliable,

and it established that the carriers required additional revenue to meet the additional cost of operations shown to exist. The 5-percent increase was expected to reduce the deficits but still not reduce operating ratios for that traffic below 100 pounds, and that increase was approved. However, the 3-percent increase on shipments 1,000 pounds and over was proposed to apply only on shipments between the south and east and between the south and midwest, and not between the south and southwest and within the south. We noted that shipments over 5,000 pounds between the south and midwest had been producing lower operating ratios than those within the south and between the south and the east, and that all of the ratios were less than 93 percent. It was concluded that no justification had been shown for discriminating between the territories. Similarly, no justification was found for the discrimination on shipments between 1,000 and 5,000 pounds, and the 3-percent increase was found unlawful.

In a report on further hearing in *Increased Rates, New England Territory*, 335 I.C.C. 185 [embracing also Investigation and Suspension (I. & S.) docket No. M-21099 and Sub-No. 1, *Increased Minimum Charges, New England Territory*], Division 2 found increases of 8.5 percent in less-than-truckload (l.t.l.) rates and minimum charges and of 1 to 4 cents in truckload rates, as well as adjusted minimum charges resulting in both increases and reductions, to be just and reasonable, modifying a prior report in the title proceeding, 329 I.C.C. 244.

Other increases were established without formal proceedings. In August 1968, carriers in eastern central territory established increases of 3 percent on shipments under 1,000 pounds and 5 percent on others, and carriers in the Rocky Mountain region established general increases between points in eastern Colorado and Wyoming and those in the middlewest and east. In November 1968, nationwide household goods movers increased their rates by 4.25 percent. In April 1969, Niagara Frontier Tariff Bureau established increases of 5 percent on shipments under 1,000 pounds and in accessorial charges, and of 3 percent on all other shipments. In the same month, (1) carriers in the central territory increased their rates by 5 percent on shipments under 1,000 pounds, and by 3 percent on all other shipments, including arbitraries and minimum charges, (2) carriers in the New England area increased their rates by 4 percent, (3) carriers in the so-called New York City short-haul area increased their rates and minimum charges by 3 percent, and (4) Indiana Motor Rate Bureau carriers increased their joint-line class rates by 5 percent on shipments under 1,000 pounds and by 3 percent on all others.

Effective in May 1969, Rocky Mountain carriers increased their rates by 7 percent on shipments under 1,000 pounds, and by 5 percent on those between 1,000 and 2,000 pounds. And in June, eastern central

territory carriers increased their rates by 3 percent on l.t.l. and any quantity shipments between points in New England and Middle Atlantic territories and those in the northwest, middlewest, and southwest. Central and southern territory carriers increased their rates on shipments of 1,000 pounds and over by 3 percent.

At the end of the fiscal year, investigations were proceeding into proposals of (1) carriers in central and southern territory (in I. & S. docket No. M-22323), to increase their rates 30 cents per 100 pounds on shipments under 1,000 pounds, 15 cents on those from 1,000 to 1,999 pounds, and 10 cents on those from 2,000 to 4,999 pounds, (2) carriers in southwestern territory (in I. & S. docket No. M-22428), to increase class and commodity rates on shipments under 1,000 pounds by 6 percent, and minimum charges per shipment by 8.6 to 13.2 percent, and (3) carriers in midwest territory (in I. & S. docket No. M-23149), to increase their rates by 5 percent on shipments under 1,000 pounds, 3 percent on those over 1,000 pounds, with the break being at 1,500 pounds between points in the middlewest and those in central and southwestern territories.

#### *Other Significant Proceedings*

In an attempt to encourage the tender of small shipments in aggregate lots, two motor carriers operated under common management offered so-called consolimize (consolidate and economize), rates which were investigated in *Aggregate Class Rates*, 332 I.C.C. 524. The rates represented percentage reductions in the normal class rates, and applied when two or more shipments totaling at least 4,000 pounds, with an average shipment weight of not less than 400 pounds, were tendered. All shipments tendered could be used to meet the total weight, but only those including commodities subject to class rates from 100 to 60 had the advantage of the discount rates. In the report, it was noted that the operation of the plan was extremely complicated, that comparable shipments moving greater distances obtained proportionately lower rates although any saving was in pickup rather than line-haul costs, and that the proposal unjustly discriminated between different descriptions of traffic. It was stated that while innovations are to be encouraged, they cannot justify rate discriminations. The proceeding is now in the courts.

Another proceeding currently being tested in the courts is *National Furniture Traffic Conference, Inc. v. Associated Truck Lines, Inc.*, 332 I.C.C. 802. Therein, the defendant motor carrier published a tariff provision that it maintained no through routes, joint rates, or interchange arrangements on shipments of furniture described in certain items of the national motor freight classification. The carrier claimed that interchanged shipments of furniture could not be handled at a compensatory level because of the transportation characteristics of fur-



niture, in particular, its susceptibility to damage and low density. On reconsideration, we noted that shippers of furniture are largely dependent upon motor carrier service, and that while such carriers may publish through routes and joint rates, we have no authority to require them to do so. However, we stated that under section 204(a) (1) of the act we are empowered to establish reasonable requirements with respect to continuous and adequate service, and we discussed other sections which demonstrate our authority over the practices of regulated motor carriers. We then concluded that common carriers have a duty to provide adequate service on all traffic within the scope of their authority, that one group of shippers cannot be discriminated against, that the published restriction was an unreasonable practice, and that it unduly and unreasonably handicaps shippers and shipments of furniture.

In *Responsibility for Payment of Detention Charges*, 332 I.C.C. 585, nine motor carrier rate bureaus covering virtually the entire Nation, published provisions that charges for detention of equipment shall be paid generally by the person causing the delay, regardless of responsibility for payment of the other transportation charges, and defined consignor and consignee as including agents, brokers, steamship agencies, and customs brokers. Division 2 found that the provisions were unlawful because they attempted to place liability for detention charges upon persons who are not parties to the contracts of transportation.

In a rate innovation in the household goods moving industry, a large van line proposed to offer reduced rates during the moving slack season, October 1 through May 31, to any shipper who, during the preceding 12-month period (Oct. 1 through Sept. 30), tendered 60 percent of its traffic which moved in respondent's service during the slack season of that previous year. Certain other procedural restrictions were imposed. The purpose, of course, was to make more efficient, year-round use of equipment. However, in its report in *Reduced Seasonal Household Goods Rates*, 332 I.C.C. 512, Division 2, pointed out that the requirement of 60 percent, unrelated to any particular volume, could result in shippers otherwise receiving the same service being charged different rates. The proposal was found to be unjustly discriminatory under section 216(d) of the act.

With respect to regulations governing the extension of credit for paying transportation charges, an investigation and a rulemaking proceeding were instituted to determine whether currently effective rules concerning motor common carriers of household goods should be modified and whether new rules regarding related matters should be established. In *Payment of Rates and Charges of Motor Carriers*, 110 M.C.C. 79, it was found that changes in the maximum time allowed

for payment of charges after presentation of freight bills, that is, from 7 to 15 or more days, suggested by national-account shippers, was not warranted. We observed that such an extension would adversely affect the carriers' working capital, in many instances requiring short-term borrowing, and would result in discriminatory treatment of one class of shippers, contrary to section 223 of the act. A proposal to assess interest charges for late payment was found unlawful as permitting an obvious circumvention of section 223.

By notice and order served April 4, 1969, we announced the institution of a ratemaking proceeding in Ex Parte No. MC-77, Restrictions on Service by Motor Common Carriers, with a view to prescribing a tariff rule that no provision may be published which results in restricting motor common carrier service to less than a carrier's full operating authority. The action was taken in recognition of the increasing practice of publishing limitations on the service rendered or held out to the public.

### OTHER MODES

#### *Water Carriers*

Sea-Land Service, Inc., published a general increase of 9 percent in all class, commodity, and distribution rates between points in Alaska, and between points in that State and points in Idaho, Oregon, and Washington. The increase was permitted to become effective on October 21, 1968, but was subject to investigation, and the hearing convened on June 23, 1969. The 9 percent matched a similar increase established by the Alaska Railroad and the Transcontinental Freight Bureau.

#### *Freight Forwarders*

Effective August 26, 1968, the freight forwarders participating in tariffs of Freight Forwarders Tariff Bureau established general increases of 5 percent on all shipments under 1,000 pounds, 3 percent on all shipments of 1,000 pounds and over, and 5 percent in all accessorial rates and charges. Effective September 28, 1968, an increase of 5 percent on all shipments under 1,000 pounds and in all accessorial rates and charges was established from and to points in transcontinental territory.

#### *Railway Express*

REA Express, in dire financial straits, published revised class rates to become effective May 18, 1969, resulting in increases ranging from 4 to 22 percent within the east, and from 7 to 28 percent in the south and midwest, interterritorially, and within Mountain-Pacific territory. Subsequently, published to become effective June 7, 1969, all class rates, charges, and minimum charges were increased from 10 to 40 percent; container rates and charges by 10 percent; pier pickup and

delivery charges, and port rates and charges generally from 20 to 50 percent; camp baggage charges from 4 to 11.5 percent; nursery stock rates and charges by 3 percent; and rates and charges in miscellaneous commodity tariff by 10 percent. The increases all became effective as published.

### INTERMODAL COMPETITION

In a supplemental report on reconsideration in *Oil Country Iron or Steel Pipe, Midwest to Okla. & Tex.*, 332 I.C.C. 540 (prior report, 326 I.C.C. 511, referred to at page 27 of our 81st Annual Report), we affirmed the prior findings that joint rail-motor rates published on iron or steel pipe from points in Illinois, Ohio, Pennsylvania, West Virginia, and Wisconsin to points in the oil country of Oklahoma and Texas were subject to the long- and short-haul clause of section 4 of the act, and were also subject to the provisions of section 3(4) of the act prohibiting discrimination against connecting carriers. The validity of our prior findings had been clouded by a divided three-judge court's decision in *New York Central Railroad Co. v. United States*, 267 F. Supp. 617, holding that section 4 was inapplicable to joint rail-motor rates, but in the interim a case on which that court primarily relied had been reversed by the Supreme Court.

Barge lines complained that the rail local rates applying on ex-barge traffic from St. Louis or Kansas City to Tulsa or Oklahoma City discriminated against them to the extent that such rates exceeded the divisions received by the railroad of the joint rail-motor rates. Referring to the Supreme Court's decision in *Interstate Commerce Commission v. Mechling*, 330 U.S. 567, that ex-barge traffic is not to be discriminated against, we found that when rail carriers voluntarily enter into joint rates with motor carriers which discriminate against water carriers, they are necessarily in violation of section 3(4), and that the rail divisions of such rates are the measure of the discrimination.

*Chemicals in Aggregate Shipments, Midland, Mich. to East*, 335 I.C.C. 20 (embracing also, I. & S. docket No. 7304, *Aggregate Rates on Wearing Apparel, Railway Express Agency*), was a report on reconsideration following court remand. The title proceeding was remanded to discuss more fully (1) the question of whether the REA's service in connection with the rates on chemicals subject to certain aggregate rates exceeded express service and invaded the field of motor common carriers; (2) the ramifications of the rule of ratemaking in intermodal competitive situations; and (3) the national transportation policy. In the embraced proceeding, we were asked to make more specific subsidiary findings concerning competitive conditions and the prohibition of unjust discrimination under section 2 of the act.

We found that the service performed on the chemical shipments met



the five indicia of express service, namely, (1) a holding out to transport any commodity which may safely be handled in ordinary van-type equipment, (2) providing the care and security required by the inherent characteristics of the commodities, (3) providing equally expeditious transportation and careful handling for all shipments, (4) performing operations upon firmly established schedules and providing fixed delivery times, and (5) using relatively simple billing and rate publications to facilitate rapid determination of charges. We also found that the use of substituted motor-for-rail service by a rail carrier's motor subsidiary met the requirement of REA's certificate requiring an immediately subsequent movement by rail. We further found that the rates were compensatory, that the protesting motor carriers had not shown that they were the low-cost means of transport, and that no basis therefore existed for concluding that the rates constituted a destructive competitive practice contrary to the national transportation policy.

With respect to the rates on wearing apparel, we found that the aggregate tender requirements, contrary to discriminating against small shippers and receivers, actually benefited them, particularly the receivers of collect shipments who obtained the advantage of the reduced charges. The reductions were found to be justified by REA's loss of wearing apparel traffic until the rates became effective. Again, the protesting carriers did not offer evidence to show that they were the low-cost mode, and there was no basis for finding that the rates in question constituted a destructive competitive practice.

### SUSPENSIONS

A total of 4,341 rate adjustments involving changes in tariffs of rail, motor, water, freight forwarder, pipeline, and express carriers were considered by the Suspension Board. Of that total, 1,474 reflected increases, 2,584 reductions, 227 both increases and reductions, and 56 neither increases nor reductions. There were 6,974 tariff publications of one or more pages involved in these adjustments. Protests totaled 4,507, consisting of 50 from State or Federal Government agencies, 2,528 from shippers and receivers, and 1,929 from competing carriers. Statements from shippers and others intervening in support of the proposals totaled 180. Petitions to vacate, investigate, or discontinue totaled 163. In 229 instances, appeals were filed for reconsideration of the Suspension Board's conclusion not to suspend. A total of 377 investigation and suspension proceedings involving one or more adjustments were discontinued upon cancellation of the schedules under special permission authority and advice that the carriers would not attempt to justify the suspended matter.

*Action taken on protested rate adjustments*

	Rail	Motor	Water	Freight for- warder	Express, pipeline	Number	Percent
Suspended in full.....	94	1,414	7	62	0	1,577	36.3
Suspended in part.....	6	49	0	0	0	55	1.3
Not suspended (permitted to become effective).....	165	1,196	25	51	19	1,456	33.5
Otherwise disposed of (schedules rejected, protest withdrawn, protested schedules cancelled by carriers).....	143	1,032	7	70	1	1,253	28.9
Total.....	408	3,691	39	183	20	4,341	100.0

**TRAILER-ON-FLATCAR**

Reports to the Commission for 1968 on TOFC (trailer-on-flatcar) or piggyback traffic, under the order in No. 34364, *Piggyback Traffic Statistics*, show increases in trailer and container units reported by railroads, motor carriers, and freight forwarders. A decrease in units was reported by water carriers. The railroads reported 1,915,000 trailer and container units; class I motor carriers, 308,000 units; freight forwarders, 243,000 units; and water carriers, 51,000 units. The railroad, motor carrier, and freight forwarder movements were 10.9, 6.8, and 4.9 percent, respectively, in excess of the totals reported for the year 1967; water carriers, with their increased interest in the off-shore trade and international services, showed a decline of 12.8 percent in reported domestic units.

In 1968 the TOFC growth rate for railroads in comparison with 1967 was five times that of 1967 over 1966. Motor carriers also showed improvement, having previously reported a decrease from 1966 to 1967, but the forwarder increase was less than had been shown between 1966 and 1967.

Railroads reported marked shifts in traffic among the several piggyback plans. The number of plan II½ units rose sharply from 7 percent of total trailers and containers in 1967 to 26 percent in 1968, while plan III dropped from 26 to 10 percent. Plan II½ represents the use of rail rates, generally published to include pickup and delivery, but with shippers exercising options to perform either or both of these services. Forwarders also reported sharply increased use of plan II½, from 22 to 52 percent of total units in 1967 and 1968, respectively.

A significant shift in piggyback plans or arrangements also may be emerging for motor carriers. For 1968 plan I, or substituted rail service use, was 65 percent of the total trailer and container units compared with 68 percent in 1967; however, the 199,000 plan I units for 1968 represented an absolute increase of 0.9 percent over 1967. In other arrangements, which includes rail plans II and II½, 18,000 units were reported in 1968 as compared to 8,000 units in 1967; the 1968 figure represented 6 percent of total motor carrier piggyback units as

compared with the 3 percent for 1967. This shift to other arrangements probably results from the August 1967 establishment, following litigation, of a rule permitting motor carrier use of open tariff piggyback, as prescribed by the Commission in 1964 in *Substituted Service-Piggyback*, 322 I.C.C. 301.

### CONTAINERIZATION

The development of containerization, the subject of much attention in recent years, has been primarily in the international rather than the domestic area. Shipping companies and others interested in various trade routes continue to acquire containers, either for captive use or for leasing, and container ships are progressively being placed on important routes. For the North Atlantic trade, where container movement has developed rapidly, approximately one-third of eastbound and one-fourth of westbound commercial line cargo, measured in long tons, was containerized in 1968.

While domestic regulated carriers handle a portion of this traffic to and from the ports, both rail and motor carriers have had difficulties with inland movements of marine containers. Either of these modes may lack facilities for movement or transfer of marine units, especially at the times necessary for shipping schedules, or may find that handling these types of containers incurs costs not associated with domestic container or piggyback movements.

All carriers subject to the Commission's jurisdiction are required, beginning in 1964, to show movements of containers in their quarterly reports filed under No. 34364, *Piggyback Traffic Statistics*. Container movements of substantial proportions have been reported only by a limited number of rail and motor carriers. Water carriers, which are experiencing some decline in traffic subject to the Commission's jurisdiction, report that containers outnumber trailers by a 3 to 1 ratio. For the first 6 months of 1968, both railroads and motor carriers reported more containers than in the same period of 1967, an increase almost certainly associated with import and export movements. No significant changes occurred, however, in the ratios of containers, on a numerical basis, to the total trailer and container units reported by the respective modes.

Because of developments in international containerization and in piggyback practices, the Commission's economic staff is undertaking a review of the reporting system, including an inquiry into the adequacy of current requirements respecting container reporting.

The Commission is well aware of the benefits which might flow from increased coordination among the several modes, including greater interchange of containers, and of the importance of containerization to the President's program for export expansion. The Com-



mission is taking steps, within the limits of its jurisdiction, to facilitate the growth of containerization and other coordinated intermodal services. It is also represented on the Containerization Task Force, as well as the Transportation Economics Task Force, both of which were set up under the Transportation Costs Working Group of the President's Export Strategy Committee.

### LAND BRIDGE

The land-bridge concept generally is used to refer to water-rail-water movements of containers between the Far East and Europe, with the railroads in this country performing a transcontinental service. Certain industry sources have taken the position that these movements would not be subject to the Commission's jurisdiction.

In the latter part of 1968 and early in 1969, the railroads made specific rate or contractual proposals, some of the latter in terms of a specified number of unit-train movements per year. As yet there has been no land-bridge traffic, apart from possible experimental shipments.

Studies of costs, rather than of rates, tend to show that costs of transportation services by way of the land bridge are greater than those by way of the all-water Panama Canal route. Shippers, however, may more than make up the difference through time savings and possible savings in interest costs on goods in transit. In this connection, the greatest potential for land-bridge traffic apparently lies in high-valued products with correspondingly high interest expense, or in low density articles that might require a premium charge under steamship volume restrictions. Some analysts believe that any margin of costs in favor of the land bridge will be reduced as larger and faster container ships come into use.

If a substantial volume of land-bridge traffic develops, railroads performing the transcontinental service should benefit, and there might be a favorable impact on the Nation's balance of payments. On the other hand, such possibilities as land-bridge charges below the domestic rate level for similar services and the potential diversion of cars from domestic services could be of concern to shippers, the Commission, other governmental agencies, and Congress.

## OPERATING RIGHTS (PROPERTY)

The great majority of the Commission's proceedings work involves the handling of applications for operating authority to transport property. Over 75 percent of our formal cases is in this area. The carriers themselves respect this economic regulation and are aware that the tremendous transport capacity of our national system is a direct product thereof. Both intra- and intermodally, the proceedings are often hotly contested, but the shipping public and the public generally are the ultimate beneficiaries of the resulting strong and viable system. Reported below are some of the more significant cases in the operating rights area that have received attention in the past year.

### PROCEDURE AND PRACTICE

Appellate Division 1 reopened a proceeding in order to grant an application because neither of the protestants was shown to hold authority to originate an initial movement of motor vehicles from the shipper's plant in Canada. A protestant then petitioned to have the proceeding referred back to Division 1 as constituted on April 19, 1968, when the application was denied in 107 M.C.C. 201. The appellate division, in its report, *Dallas & Mavis Forwarding Co. Inc., Extension*, 108 M.C.C. 295, denied the petition finding that nothing in the Commission's general rules of practice requires a petition for reconsideration of a division's grant or denial to be ruled on by the division as constituted when it made such grant or denial. The appellate division noted that the Commission is an institutional agency and that an appeal thereto must be to the institution, not to the individual members. As the makeup of the Commission may change, so, too, may the makeup of divisions.

The requirement that a prospective applicant file certifications of shipper support had a significant application in *J & M Transportation Co., Inc., Ext.—Atlanta*, 107 M.C.C. 744. Certifications must be executed and filed by all known shippers if there are 10 or less, and by a representative number if more than 10; and by additional shippers who become known subsequent to the filing of the application. In *J&M*, applicant refused to file certifications for most of its shippers, alleging that some shippers for whom certifications had been filed were intimidated by protestants into not appearing as witnesses. Citing the fact that applicant did not even offer to prove its allegations, Division 1 sustained the examiner's ruling which disallowed the ship-

per's testimony. It was noted, however, that the requirements may be waived upon a true showing of good cause.

### INTERMODAL

The growth of containerization prompted a Commission-licensed freight forwarder, which together with its affiliate utilized the services of land and ocean carriers to provide intermodal transportation, to seek an extension of authority to serve as a freight forwarder on export and import traffic, in containers, between points in a 37-State area of the United States and Atlantic and gulf coasts ports. In granting a permit to provide such service, the Commission in *New England Forwarding Co., Inc., Extension*, 335 I.C.C. 58, found that the proposed service in its use of containerization and intermodal transportation was particularly suited for the safe and expeditious movement of small volume shipments from and to points abroad; and that shippers' need for the proposed service was predicated on (1) efficiency in coordinating deliveries to and from shipside to meet sailing schedules, and (2) a single responsibility for the complete movement from point of origin to destination.

Commission regulations respecting the incidental-to-air exemption embodied in section 203(b) (7a) of the act provide that motor transportation of property is incidental to transportation by aircraft and therefore exempt from the Commission's economic regulations if, *inter alia*, it is confined to the transportation of shipments received from or delivered to a direct air carrier or air freight forwarder as part of a continuous movement. This movement performed on a through bill of lading covering both the line-haul movement by air and the collection, delivery, or transfer service performed by the motor carrier within the air carrier's or air freight forwarder's terminal area. The terminal area is defined by a tariff filing by the air carrier with, and acceptance by, the Civil Aeronautics Board (CAB) naming the points to be afforded terminal area services. The reasonableness of this terminal area, to the extent motor carrier service may be performed under the section 203(b) (7a) exemption, may be reviewed by this Commission under regulations prescribed in *Motor Transp. of Property Incidental to Air*, 95 M.C.C. 71 [49 C.F.R. 1047.40(c)].

In *Airline Freight, Inc., Ext.—Philadelphia Air Term.*, 108 M.C.C. 197, the applicant performed collection, delivery, and transfer services within the Philadelphia air terminal area on behalf of an air freight forwarder. Because a small portion of the freight collected by applicant for air movement from this area did not, in fact, move by air, but rather was moved by motor common carrier, authority was sought



with respect to these few shipments which would not come within the partial exemption of section 203(b) (7a) of the act.

In its report, the Commission concluded that as long as the local transfer company believes in good faith that the traffic it handles will remain in a requisite continuous air-motor movement, and here applicant could not determine which, if any, traffic it collected would not ultimately move by air, the cover of the partial exemption is maintained.

For future guidance, the Commission set forth the extent of partially exempt service which can be performed by a motor carrier incidental to transportation by air, including the scope of emergency situations contemplated by the Commission's rules and regulations prescribed in *Motor Transp. of Property Incidental to Air*, 95 M.C.C. 71. Guidelines for the use of substituted motor-for-air service by air freight forwarders were also set forth, and the application was dismissed.

*Theodore Savage Contract Carrier Application*, 108 M.C.C. 205, involved three applications for contract carriage on behalf of direct air carriers and indirect air carriers (air freight forwarders). This was the first proceeding to consider the extent to which air carriers may utilize for-hire motor carrier transportation services without subjecting themselves to the regulatory provisions of the Interstate Commerce Act.

The Commission determined that the services sought to be provided were not exempt from economic regulation under section 203(b) (7a) of the act, and were, in fact, line-haul services. It was concluded that specific authorization of the line-haul movement is requisite to its lawful performance. It was determined that the use of motor contract carriage by direct or indirect air carriers would extend the air carriers' control of traffic beyond recognized air terminal areas, and thus make the air carriers de facto surface freight forwarders subject to the provisions of part IV of the act. The report recognized that even were the air carriers to obtain part IV authority, they could not utilize contract carriage, since motor contract carriers may not serve freight forwarders.

Motor common carrier authority was granted to each applicant, and the manner in which such carriers could serve the air carriers was set forth for future guidance.

In Ex Parte No. 230 (Sub-No. 1), *Substituted Service—Charges and Practices of For-Hire Motor Carriers of Automobiles* (Piggyback Service), an examiner's report and recommended order were served in which he concluded that present piggyback rules and practices are applicable to the movement of automobiles on multilevel rail cars, and that the proceeding should be discontinued. Many excep-

tions to the examiner's recommended findings were filed, and the matter presently is pending before the Commission.

### INTERSTATE HIGHWAYS

As noted in our 82nd Annual Report (pp. 36-38), in *Motor Service on Interstate Highways—Property*, 107 M.C.C. 95,<sup>1</sup> decided April 12, 1968, we reached certain tentative conclusions as to the utilization of superhighways (including those highways making up the National System of Interstate and Defense Highways) on a permanent basis by certificated regular-route motor carriers of property, and as to the revision of the Commission's Deviation Rules Revised, 1957. We emphasized the provisional nature of the conclusions reached in the interim report, and all parties and other interested persons were invited to file further statements of fact, views, and arguments respecting said conclusions.

Several parties to the proceeding have filed statements in response to the interim report, and other parties, including the Department of Transportation, have filed replies to these statements. These latter representations, in part, request that we modify certain of the conclusions reached in the interim report. We are presently reexamining the tentative judgments made in the proceeding in the light of these representations.

### PERFORMANCE REPORT

The requirement that a successful applicant submit annual performance reports was used sparingly during the past year. In such reports, it is expected the applicant will show that it is actually providing the type of service the supporting shippers were shown to require. Three applicants were directed to file such performance reports annually for 3 years on the anniversary of the date of issuance of their respective certificates. In each case, the Commission reserved jurisdiction to impose such other terms, conditions, and limitations as deemed necessary to insure the applicant's performance of service. In *Campbell Sixty-Six Express, Inc., Ext.—Atlanta*, 108 M.C.C. 80, the certificate itself was limited to a term of 3 years because applicant's past practices raised serious doubts as to whether its actual operations under the certificate would be fully responsive to shipper needs.

### COMMERCIAL ZONES AND TERMINAL AREAS

The Commission considered several proceedings involving the limits of commercial zones within which transportation by motor vehicle, in interstate or foreign commerce, is partially exempt from regulation under section 203(b) (8) of the act.

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<sup>1</sup> This report embraces the subject proceeding and Ex Parte No. MC-65, *Motor Service on Interstate Highways—Passengers*.

In *Commercial Zones and Terminal Areas* (Minneapolis-St. Paul, Minn., Commercial Zone), 107 M.C.C. 473, and *Louisville, Ky., Commercial Zone*, 108 M.C.C. 494, it was determined that the zone limits of those cities have changed and that they should be redefined accordingly. In *Atlanta, Ga., Commercial Zone*, 107 M.C.C. 690, and *St. Louis, Mo.—East St. Louis, Ill.*, 107 M.C.C. 696, it was determined that requested redefinitions were not warranted.

Proceedings now pending seeking changes in definitions of commercial zones involve Minneapolis—St. Paul, Minn., St. Louis, Mo.—East St. Louis, Ill., Memphis, Tenn., Beaumont, Tex., Kansas City, Kans.—Kansas City, Mo., Detroit, Mich., New Orleans, La., Sioux City, Iowa, and Seattle—Tacoma, Wash.

The scope of operations which may be performed under the “incidental to air” exemption of section 203(b) (7a) of the act has been brought into issue by petitions filed in Nos. MC-C-3437, Motor Transportation of Property Incidental to Transportation by Aircraft, requesting the Commission to reexamine the entire concept of such service, MC-C-3437 (Sub-No. 2), Weir Cook Municipal Airport—Indianapolis, Ind.—Exempt Zone, and MC-C-3437 (Sub-No. 3), Atlanta Municipal Airport—Atlanta, Ga.—Exempt Zone, seeking specific determinations by this Commission of the terminal areas of the airports at Indianapolis, Ind., and Atlanta, Ga., respectively, within which such operations may be conducted pursuant to the exemption. In essence, these terminal areas are established by tariff filings of air carriers with the CAB, subject, as far as this Commission’s jurisdiction is concerned, to our review in an appropriate proceeding. The CAB has permitted tariffs to be filed greatly expanding the air terminal areas of these two cities, and various certificated carriers seek review of this enlargement in the first proceedings of this type presented to the Commission. These proceedings are pending a report on the basis of the submission of verified statements of facts.

In No. MC-C-3437 (Sub-No. 4), Interpretation of Operating Rights—Air Carriers’ Terminals, motor common carriers serving air carriers and air freight forwarders at the New York City area airports seek to have their certificates interpreted as permitting service to the air freight forwarders’ terminals which have been removed from the congestion of the airports proper to outlying areas. This petition has been published in the Federal Register, and will be handled on the basis of verified statements of fact submitted by interested persons.

#### BORDER OPERATIONS

Wholly local operations performed under the partial exemption of section 203(b) (8) of the act involving transportation between points in the United States and those in foreign countries abutting the na-



tional borders were considered in *Rio Grande Border—Comm. Zones & Term. Areas*, 110 M.C.C. 51. The Commission determined that national borders are no bar to the performance of such wholly local operations, and the regulations promulgated pertaining to such service (49 C.F.R. 1048.101) were amended accordingly. A parallel proceeding, *G. Arredondo Transfer Co., Inc.—Petition*, 106 M.C.C. 557, which gave rise to the Rio Grande Border proceeding, was dismissed as being moot.

The Commission instituted a proceeding in Ex Parte No. MC-73, *Transfer of Equipment or Traffic at or Near Ports of Entry on the United States—Canadian and the United States—Mexican International Boundaries*. Numerous interested parties have filed position statements including the Departments of State and Transportation and foreign and domestic carriers and carrier associations. The matter is now under consideration.

#### SINGLE-STATE OPERATIONS

Section 206(a) (6) and (7) of the act relates to operation within a single State based on a carrier's having obtained appropriate authority to conduct intrastate operations within that State. Section 206(a) (7) awarded grandfather rights to carriers operating pursuant to the former second proviso of section 206(a) (1) on October 15, 1962; whereas section 206(a) (6) established a new procedure whereby single-State motor common carriers seeking intrastate authority also may obtain, upon a proper showing, a certificate of registration authorizing corresponding interstate operations.

In *Orscheln Bros. Truck Lines, Inc. v. Knaus*, 108 M.C.C. 301, Division 1 approved the entry of a cease and desist order against the defendant motor carrier restraining it from conducting interstate or foreign commerce operations which were purportedly pursuant to registration authority. The intrastate authority contained certain restrictions that the carrier was ignoring in performing its interstate operations. The division found that the Congress intended that carriers operating in interstate commerce under the registration procedures may engage in interstate operations only to the extent, in the same manner, and subject to the same limitations, as they can lawfully engage in intrastate operations, and that the scope of such authorities is governed by the issuing State agency. The Commission will interpret or construe registered authority for the purpose of determining the scope of interstate operations which may be performed thereunder where the State commission has issued an opinion or where the meaning of the scope of operations which may be performed thereunder is clear. Defendant was informed that it could seek certificated au-

thority if it finds it is without the right to perform a service needed in interstate commerce. A court appeal has been taken.

In *Chicago & Eastern Illinois R. Co., Com. Car. Applic.*, 108 M.C.C. 53, and *Las Vegas Tank Lines, Inc., Ext.—California Points*, 107 M.C.C. 589, Division 1 considered proposals by multi-State carriers to continue the operations acquired carriers were performing under certificates of registration. Since certificates of registration cannot lawfully be held by multi-State carriers the Commission's policy in such proceedings is to require an application under section 207 of the act to be filed and processed as a matter directly related to the transaction under section 212(b) or section 5, and to admit evidence of past operations for consideration in the determination of whether a certificate of public convenience and necessity should be issued to allow continuation of the operations under the registration. In *Las Vegas*, it was determined that in cases falling under section 212(b) the basic guidelines must consist of (1) an application filed with the Commission seeking certificated authority, (2) an agreement by the parties involved filed as part of the application, which includes a covenant for cancellation of the certificate of registration by the holder thereof, conditioned upon applicant's obtaining an appropriate certificate of public convenience and necessity, (3) the transfer of the underlying intrastate rights as an inseparable part of the proposed transaction, and (4) a positive showing that the transaction is one not requiring prior approval under section 5. In *Chicago*, which involved a railroad company that had been acquired by Missouri Pacific Railroad Co., the application was denied because the shipper support was general and there was little or no evidence presented of lawful past operations under the certificate of registration.

The Commission's denial of an application for a certificate of registration in *Molitor Extension—Certification of Registration*, 105 M.C.C. 790, was set aside by judicial action in *Ray Price, et al., v. United States, et al.*, 297 F. Supp. 55. The court agreed with the Commission's finding that the certificate of registration procedure requires the State commission or board to make dual findings of public convenience and necessity with respect to both intrastate and interstate commerce. However, in setting aside the Commission's order, the court stated "We find nothing in the legislative history or the act itself which requires an initial application to a State commission before the applicant can qualify under section 206(a) (6) for an interstate certificate." The Commission had held that a proceeding to transfer a State certificate was not the type of proceeding contemplated by that section. The court gave particular weight to the fact that the transfer of an intrastate certificate was not the only authorization sought and that a reasonable opportunity was given to the public to appear in

opposition to the granting of a certificate of public convenience and necessity for operation in both intrastate and interstate commerce. The Commission has reopened for reconsideration the *Ray Price* application and several others involving State transfer proceedings.

In *Missouri P.S.C. v. Tri-D Truck Line, Inc.*, 107 M.C.C. 684, Division 1, upon complaint by the Missouri regulatory authority, ordered the defendant motor carrier to cease and desist from using interstate operating authority to transport intrastate shipments in circumvention of regulation by the State of Missouri. Defendant had tacked two authorities involving points in Kansas and Missouri to transport traffic between the Missouri cities of St. Joseph and Kansas City. The order was predicated on findings that the St. Joseph-Kansas City traffic was intrastate in nature, that Tri-D transported this traffic over a circuitous interstate route (81.3 miles as compared with 51 miles over the intrastate route), that the interstate routing was not justified by any logical business or economic purpose, and that these operations constituted a subterfuge to avoid State regulation. By order entered June 25, 1969, in *Tri-D Truck Lines, Inc. v. United States et al.*, Civil Action No. KC-2820, the division's decision was set aside by a district court's determination that the finding of subterfuge was not supported by substantial evidence. The proceeding has been reopened for further hearing.

#### HOUSEHOLD GOODS

In past annual reports, we have referred to the decision in *Kingpak, Inc., Investigation of Operations*, 103 M.C.C. 318, which exhaustively considered the status and operations of those performing services as exempt freight forwarders of used household goods pursuant to the exemption of section 402(b) of the act, and also of those motor carriers serving these freight forwarders in local operations. The findings were affirmed by the Supreme Court in *Household Goods Carriers Bureau, et al. v. United States*, 393 U.S. 265. In our last annual report we also noted that a representative group of the numerous motor carrier applications seeking appropriate motor carrier authority of the type found to be required in the *Kingpak* proceeding had been considered in *Central Forwarding, Inc., Extension—Household Goods*, 107 M.C.C. 706, where guidelines were enunciated regarding the type of evidence required, the value of past operations conducted under color of right, and the factors to be considered in determining the scope of any authority that may be warranted. During the year all of the approximately 400 pending applications for motor carrier authority were decided although petitions are pending in a number of them. *District Moving and Storage, Inc., Com. Car. Applic.*, 107 M.C.C. 896, is an example of such a proceeding.



An application by a carrier to extend its operations so as to provide a nationwide nonradial household goods motor carrier service in *Fernstrom Storage & Van Co. Ext.—Nationwide*, 107 M.C.C. 556, is presently pending before the Commission after having been declared to be of general transportation importance. It involves questions as to whether additional nationwide nonradial grants of authority to household goods motor carriers may be warranted, particularly in view of certain recognized deficiencies in the service and claim record of a substantial segment of this industry and the type of carriers that might be considered for such grants.

In our 1967 annual report, we outlined the decision of Division 1 in *Burnham Van Service, Inc., Extension—Hawaii*, 103 M.C.C. 372, where it was found that, while motor carriers of household goods operating solely in Hawaii were exempted from regulations by section 204(a) (4a) of the act, those operating in the continental States with Hawaiian agents as well as those Hawaiian carriers affiliated with carriers operating in the continental States were not within the exemption and required authority. The division concluded that a grant of such authority to the multiple applicants involved, including those in the continental States, was warranted. Recently in *HC&D Moving & Storage Company v. United States*, 298 F. Supp. 746, this proceeding was remanded to the Commission when the court concluded that the continental carriers failed to establish any need for dual grants of authority to them and their Hawaiian agents when both grants were based on the same operations and there was no further showing that any additional service would be available or was required. This proceeding has been reopened for reconsideration by the Commission because of the remand.

In *Alaska Truck Transport, Inc., Extension—Alaska*, 107 M.C.C. 737, Division 1 concluded that a grant of those portions of the authority applicant sought to provide service on household goods and general commodities between certain points in the southern 48 States and Alaska was not warranted. This proceeding followed a remand of the original proceeding, reported at 99 M.C.C. 668, by a district court in *Lynden Transfer, Inc. v. United States*, 263 F. Supp. 336, where the court found that similar authority was not warranted on the original record.

#### HEAVY HAULER OPERATIONS

The resolution of fundamental questions continued regarding the scope of motor carrier franchises which authorize the transportation of "commodities the transportation of which requires by reason of size or weight the use of special equipment." Mention was made in the last annual report of numerous pending petitions for reopening

and reconsideration of the decision in *Moss Trucking Co., Inc., Investigation of Operations*, 103 M.C.C. 91. These requests for relief, filed principally by general commodity and munitions carriers, centered on fears that heavy haulers, through aggregation or other present-day automated handling techniques, are invading transportation fields previously regarded as outside the scope of their certificates. All these requests have been denied on the record in that case, but similar questions and other problems which developed in the aftermath of *Moss* came before the Commission during the past year in two cases, and an extensive review was made of heavy hauler operating rights.

One of these decisions, *International Transport, Inc., Investigation of Operations*, 108 M.C.C. 275, considered for the first time the permissible extent of heavy hauler participation in the highly specialized area of explosives carriage. We found that the major factors underlying the development of both spheres of transportation, including (1) their simultaneous exclusion from general commodity certificates, (2) the imposition since 1955 in implicit and explicit explosives awards of a 5-year limitation, (3) the absence of such a limitation from size and weight franchises, and (4) the lack of substantial heavy hauler interest until recently in explosives carriage, were of such force as to create a presumption that a commodity described in our explosives carriage regulations as a class A or class B explosive is beyond the purview of size and weight authority, and placed upon the heavy hauler who proposes to transport such a commodity the burden of providing a sound basis for a contrary conclusion. In this respect, a lesser obligation is contemplated as to motor or machine-like objects (missiles) of comparatively recent invention than as to items such as bombs which have historically been considered as peculiarly within the field of explosives carriage. The 500- and 750-pound bombs at issue were placed outside the scope of size and weight authority.

An even more exhaustive consideration of heavy hauler activities was undertaken in *Ace Doran Hauling and Rigging Co. Investigation*, 108 M.C.C. 717. Thus, as noted in the last report, a prior decision in that proceeding, through placement of primary emphasis upon safety, efficiency, practicality, and other factors related to shipper usage, had sanctioned heavy hauler carriage of such articles as pipe, pallets, and skids, and steel roofing sheets. Our report on reconsideration, while it does not contemplate disregard of the foregoing concepts, takes note of the continuing trend in the shipment of articles falling within virtually every area subject to Federal motor carrier regulation toward automated, as opposed to, manual handling. Accordingly, we found that any such construction of heavy hauling rights based primarily on industry practice would lead inevitably to an obliteration of any meaningful distinction between size and weight and other forms of

motor carriage, and, in turn, to chaos throughout the transportation industry. We rejected, on the other hand, the interpretation, condemned in *Moss* as well as in an earlier judicial decision, which relies on the bare physical possibility that an item can be moved by manual labor. It was found instead that the problem was best resolved through a balanced application of principles which had been enunciated in prior heavy hauler cases including *Moss* and *W. J. Dillner Transfer Co. Investigation of Operations*, 79 M.C.C. 335. We reaffirmed, first of all, the *Dillner* principle whereby, in the absence of a sound basis arising from the inherent nature of the individual article itself for a contrary conclusion, commodities tendered for shipment in aggregated form are presumed, irrespective of the size and weight of the bundle itself, to be outside the heavy hauler perimeter. Exceptions to this general rule will not be recognized when aggregation is employed solely for reasons of economy and efficiency. Once, however, a commodity's inherent nature is found to necessitate aggregation, the latter factors must be given consideration in determining the minimum size bundle required.

As aids in the implementation of the above-described general principles, as well as in determinations with regard to individually shipped articles generally, *Doran*, again, within the framework of existing case law, prescribed four tests. These guidelines, which should be considered in balance, are as follows: (a) the commodity's basic characteristics; (b) industrywide (not individual shipper) practices followed in its handling; (c) prior methods employed in shipping the involved or an analogous commodity; and (d) its traditional sphere of carriage. The report goes on to discuss the interplay of these concepts, and to apply them not only to the shipments at issue in the *Doran* case itself, but also to several commodities at issue in other recent size and weight proceedings. As an aftermath of the *Doran* case, Division 1 reopened the proceeding in No. MC-119700 (Sub-No. 9), *Steel Haulers, Inc., Extension—Tulsa, Okla.*, for reconsideration on the present record. A review board, whose finding was based in large measure upon the practices of a single shipper, had previously concluded that 7- to 14-pound fence posts, metal decking, and reinforcing bars were covered by heavy hauler rights. Judicial appeals have been taken in both the *Doran* and *International Investigation* cases.

As noted in our last annual report, consideration was also being given to that aspect of the heavy hauler controversy involving the so-called twilight zone, that is, the area in which heavy commodities lawfully may be handled by both heavy haulers and general commodity carriers. The decision in *National Automobile Transporters Assn. v. Rowe Transfer*, 64 M.C.C. 229, recognized that, notwithstanding a restriction against the carriage of commodities requiring special



equipment, general freight certificates covered size and weight shipments, provided the special equipment being used was furnished by the consignor, consignee, or both. At the same time, no definite determination had been made with respect to specific commodity grants so excepted, and this question was at issue in the report on reconsideration by Division 1 in *Herr's Motor Exp., Inc. Extension—Wheeling Steel*, 108 M.C.C. 626. It was held that the circumstances creating a twilight zone between general commodity and size and weight carriers applied equally to carriers of specific commodities, and that, accordingly, the *Rowe* doctrine should prevail in both instances.

Among the normal outgrowths of any major problem area which involves the scope of motor carrier operating rights is the filing by the affected carriers of applications seeking a broadening of their presently held commodity descriptions, and this observation fully applies to the heavy hauler controversy. For example, No. MC-1872 (Sub-No. 61), *Ashworth Transfer, Inc., Extension—Complete Service*, embraces more than 60 requests by heavy specialized carriers for authority to handle general traffic when transported in mixed shipments with legitimate heavy hauling traffic. The matter is now pending on exceptions to the examiner's report that was favorable to applicants. In addition, a number of heavy haulers, motivated by the *International Investigation* decision, have filed applications covering the carriage of ordnance and ordnance materials and supplies between military installations throughout the United States. Such proceedings are awaiting assignment for hearing.

### NUCLEAR MATERIALS

A field which seems likely to demand increased attention is the motor transportation of radioactive nuclear materials. This area generally is of more than usual public interest, not only because of obvious national defense considerations, but also because many of the articles require extraordinary safety precautions in loading, unloading, and over-the-road movement. In *Tri-State Motor Transit Co., Ext.—Radioactive Mats.*, 108 M.C.C. 228, two carriers were granted nationwide rights to handle radioactive and nuclear materials from and to described facilities of the General Electric Co. The decision was based in part upon the fact that existing carriers lacked the specially designed vehicles required for the proper handling of such traffic, or operated through densely populated areas, thus increasing hazards to the general public. Although other legal issues were involved, *Hughes Transportation, Inc., Extension—Nuclear Materials*, 107 M.C.C. 207, discussed in the last annual report, was predicated at least in part upon the recognized status of nuclear materials carriage as a special-

ized field of endeavor. Petitions seeking reconsideration of the *Hughes* report were denied by an order of Appellate Division 1.

In *Long Island Nuclear Service Corp. Com. Car. Applic.*, 107 M.C.C. 885, Division 1 considered an application which in part sought authority to transport radioactive waste and contaminated materials for required burial at sites approved by the Atomic Energy Commission. Applicant moved to dismiss that part of its application on the ground that no authority is required either (1) because these waste materials are not property within the meaning of the Interstate Commerce Act or (2) because the transportation is private carriage. The division granted the motion finding the proposal to be private transportation for which no authority was required. The matter has been reopened for reconsideration on the present record.

### MOTOR CONTRACT CARRIERS

In a proceeding determined to be of general transportation importance, *Gypsum Haulage, Inc., Ext.—Many States*, 108 M.C.C. 314, Division 1 approved issuance of permits to two applicants to operate as contract carriers by motor vehicle of general commodities over irregular routes with the usual exceptions, between points in 24 States and the District of Columbia under continuing contracts with the National Gypsum Co., subject to certain restrictions. The critical issue was the efficacy of granting general commodity authority to contract carriers for such extensive operations. In concluding that in a proper case general commodity authority can be issued to a contract carrier, it was made clear that such authority should be awarded only in the most compelling circumstances, and applicants were warned that the Commission would very closely examine any future attempts to serve additional shippers. Upon consideration of petitions filed, the Commission affirmed the Division's grant with certain minor modifications.

In *J. B. Montgomery, Inc., Conversion Application*, 108 M.C.C. 638, and *Scott Truck Lines, Inc., Modification of Certificate*, 108 M.C.C. 896, the Commission considered the effect of Keystone-type restrictions on authorities converted under section 212(c). (A Keystone restriction in a contract carrier's permit limits the service to certain persons or a class of persons with whom the carrier may enter into transportation contracts—such restrictions take their name from the application proceeding in which they were first imposed, *Keystone Transp. Co. Contract Carrier Application*, 19 M.C.C. 475.) In *Montgomery*, the Commission determined that, in view of the prior judicial action and in consideration of the broad scope of Montgomery's former contract carrier authority, the certificate to be issued must be without the Keystone-type restrictions imposed in the prior *Montgomery* reports. The decision was based on the extensive shipper evidence adduced at the

further hearing which indicated that Montgomery, prior to its conversion to common carrier status, transported general freight from and to facilities other than those of the contracting shippers. In *Scott*, a petition seeking modification of Scott's certificate by removal of the Keystone-type restriction was denied. Unlike Montgomery, Scott did not exhaust its administrative remedies but operated in defiance of its Keystone-type restriction. It was concluded that Scott's past operations were not based upon a reasonable question of mistaken interpretation such that they might be considered to have been conducted under color of right.

#### UNAUTHORIZED MOTOR CARRIER OPERATIONS

A number of applications for new or additional operating authorities have been denied on the ground that the applicants could not be found willing and able to comply with the Commission's regulations based upon their past records of unauthorized operations. Two applicants had participated in a variety of unauthorized activities but attempted to excuse their conduct because of interpretive problems concerning the partial exemption of section 203(b) (7a) of the act; however, it was found in both *Fournier's Express, Inc., Ext.—Hartford, Conn.*, 108 M.C.C. 584, and *Weston Trucking Company Contr. Car. Applic.*, 108 M.C.C. 614, that past legitimate doubts had been substantially removed several years ago. Such disregard of the Commission's regulations without remedial action was found to warrant denial of the applications. Other cases in this area include *W. G. Thalmann Extension—Kentucky*, 108 M.C.C. 269, which points out that nonissuance of a certificate on the basis of unfitness is not a punitive measure but an evaluation of an applicant's willingness and ability to conduct its future operations in a lawful manner. It was also emphasized in *Peoples Express Co., Extension—Containers*, 108 M.C.C. 174, that, where past conduct shows a pattern of continued or serious violations, the burden of proof rests on the applicant to refute the import of its past conduct and to establish its fitness to acquire authority.

Problems regarding the exempt status of private motor carriers continue to arise frequently and often in new forms. While the act recognizes the right of shippers to transport their own goods in bona fide private carriage, in many instances the various arrangements which are purportedly made to accomplish this aim directly raise the question as to whether the shipper involved is itself actually engaged in bona fide private carriage or whether it is, in substance, the recipient of a motor transportation service provided by others without appropriate authority. This question is particularly pertinent in proceedings such as those where a manufacturer engages in the carriage of its own goods between its facilities, from its source of supply, or to



its markets, utilizing vehicles which it does not own but rather leases under a full service contract from an independent equipment leasing organization, and drivers whose services it procures independently from a separate personnel organization.

The recurrent and frequently controversial question as to the line of demarcation between legitimate private carriage operations and unauthorized for-hire carriage in these circumstances is under active consideration by the Commission in two pending investigation proceedings. The proceedings were consolidated after hearing and after the issuance of examiners' reports and recommended orders in Nos. MC-C-5425, Personnel Service, Inc., et al.—Investigation of Operations and Practices, and MC-C-5426, K & K Transfer, Inc., Charlin Equipment Co., Inc., Trading as Guaranteed Truck Rental, American Stevedoring Corp., and Burlington Industries, Inc.—Investigation of Operations and Practices.

#### AGRICULTURAL COOPERATIVES

Effective July 26, 1968, Public Law 90-433 amended sections 203(b) (5) and 220 of the act to revise and clarify the exemption from economic regulation accorded motor vehicles controlled and operated by agricultural cooperative associations or federations. The amendment limits the interstate transportation for compensation by a cooperative for nonmembers who are neither farmers nor other cooperatives or federations to that which is "incidental to its primary transportation operations and necessary for its effective performance" unless such transportation is otherwise exempt under part II of the act. It places a ceiling on such nonmember transportation by providing that in no event shall it exceed 15 percent of its total interstate transportation services to be measured in terms of tonnage in any fiscal year. Total interstate transportation for compensation for all nonmembers, including that performed for farmers and others not subject to the 15-percent limitation, is limited to a quantity not to exceed the tonnage the cooperative transports for itself and its members in any fiscal year. A cooperative is also required to give notice to the Commission of its intent to engage in transportation for nonmembers that are not farmers, cooperatives, or federations, and section 220 of the act is amended to clarify the Commission's authority to inspect the books and records of cooperatives.

In *Implementation of P.L. 90-433—Agric. Coop. Exemption*, 108 M.C.C. 799, the Commission adopted regulations (49 C.F.R. 1047.20) to implement the new statute by defining the governing terms on which the law depends and by adopting Form BOp 102 which cooperatives intending to perform certain nonmember-nonfarmer transportation must first file with the Commission. In substance, the

regulations provided that (1) a cooperative or federation may transport its own property, its members' property, and the property of nonmembers farmers, cooperatives, or federations subject to the condition that such cooperative or federation shall not deal in farm products, farm supplies, and farm business services with or for nonmembers in an amount greater in value than the total amount of such business transacted by it with or for members (disregarding all business transacted for or on behalf of the United States), and (2) a cooperative or federation may perform interstate transportation for nonmembers that are not farmers, cooperatives, or federations provided that (a) such transportation is performed with the same trucks or tractors employed in prior or subsequent trips in the primary transportation operation of the cooperative or federation, that it is not economically feasible to operate the trucks or tractors empty on return trips (outbound trips in cases where the primary transportation operation is inbound) and that the additional income obtained is necessary to make the primary transportation operation financially practicable; (b) such transportation shall not exceed 15 percent of its total interstate transportation services (including U.S. Government traffic) in any fiscal year, measured in terms of tonnage; and (c) such cooperative or federation may not engage in nonmember interstate transportation (including U.S. Government traffic) for compensation in any fiscal year which, measured in terms of tonnage, exceeds its total interstate member transportation in such fiscal year.

Form BOp 102, a copy of which is to be carried on each truck or tractor engaged in interstate transportation pursuant to section 203(b) (5), requires information identifying the cooperative or federation, its officers and directors, giving its location and the location where its transportation records are maintained, stating its fiscal year, and describing the transportation (commodities and territory) contemplated to be performed under the 15-percent provisions of section 203(b) (5).

In a closely related decision in *Agricultural Transp. Assn. v. Florida Pub. Serv.*, 108 M.C.C. 96 Division 1 earlier considered the meaning to be given the statutory phrase "controlled and operated" when applied to vehicles purportedly operated by agricultural cooperatives pursuant to the section 203(b) (5) exemption. Predicated upon the legislative history relating to the original exemption as earlier construed in *Machinery Haulers Assn. v. Agricultural Commodity Serv.* 86 M.C.C. 5, as well as that preceding enactment of Public Law 90-433, the division concluded that an agricultural cooperative association may not employ owner-operators, except where the leasing of vehicles and the hiring of drivers are handled in a manner separate and distinct from one another, using the leased equipment

as if it were owned and treating the drivers thereof as employees. In addition it was pointed out that, in instances where the owner of the vehicle is employed by the cooperative as a driver of the vehicle, without more, there is a presumption that the vehicle is not controlled and operated by the cooperative within the meaning of that section, and that this presumption is not overcome, absent other factors, in instances where the lease arrangement is based on a percentage of gross revenue.

In short, it was found that the controlled and operated test required the establishment of a valid employer-employee relationship between the cooperative and such owner-operators as it may seek to use. These conclusions were deemed necessary in order that unlicensed owner-operators, acting in the name of a cooperative, not be permitted to enter the general trucking business.

It is hoped that the newly adopted regulations and the above construction of the controlled and operated standard will provide useful and workable guidelines in the resolution of what has been a persistent and difficult regulatory problem.

#### NEW FURNITURE

As briefly discussed earlier on page 9, a proceeding was instituted by the Commission, Ex Parte No. MC-72, Motor Service on Shipments of New Furniture, to examine the problems experienced by manufacturers of new furniture in obtaining responsive and adequate transportation facilities for the marketing and shipment of their products. Information may thus be obtained to determine whether public convenience and necessity require (1) the authorization by general rule of all motor common carriers of household goods to transport also shipments of new furniture within the territorial scope of their existing operating rights; (2) the similar authorization by general rule of all motor common carriers already specifically authorized to transport new furniture also to handle general commodities either in mixed loads with new furniture or on reciprocal movements directly connected with movements of new furniture to enable such carriers to balance their overall operations physically and economically and to improve service to the public; and (3) or both, or some reasonable modification of these approaches, or such other and further action as may be deemed necessary or appropriate to alleviate the problems disclosed by this proceeding. Numerous representations both in favor of and in opposition to the Commission's proposals were received. Parties submitting statements included various motor carriers, rail carriers, shippers, associations of carriers, the U.S. Department of Defense, and the Commission's Bureau of Enforcement.



In addition, three associations of household goods carriers have filed jointly a petition to reopen the proceeding in *Ex Parte* No. MC-19 and to consolidate it with *Ex Parte* No. MC-72. They seek to amend section 1056.1(b) of the Commission's Rules and Regulations to include new furniture within the definition of household goods. The matter is now pending.

In other cases motor carriers sought additional authority to transport new furniture. In *Trans-Cold Express, Inc., Ext.—Furniture*, 108 M.C.C. 129, authority was granted to two applicants despite the availability of joint-line service to the supporting shipper. Division 1 found that the availability of responsive and flexible irregular-route motor-carrier service has become a major and necessary complement in the distribution of furniture which generally requires multiple deliveries of less-than-truckload quantities at numerous points within a described area. The evidence showed that the shipper experienced problems with the protestants' joint-line services in varying degrees, and incurred difficulties in obtaining adequate joint through motor transportation. Accordingly, the joint-line services of protestants were found to be inadequate to meet the shipper's transportation requirements.

In *Blodgett Uncrated Furniture Service, Ext.—Gateways*, 108 M.C.C. 365, following judicial remand, the Commission permitted applicant to eliminate certain gateways and to provide a direct service in the transportation of new furniture for its supporting shippers. The Commission found that applicant was handling a substantial volume of traffic between all of the points involved in the application, and that applicant's relatively small size is a factor which must be taken into consideration in reaching this determination. Since applicant effectively and efficiently competed with existing carriers, and a grant of authority would not adversely affect the competitive position of these carriers, applicant satisfied all the tests to warrant elimination of its gateways and a grant of direct authority.

#### WATER CARRIERS

The Commission's decisions in *Nantucket Exp. Lines, Inc., Common Carrier Application*, 332 I.C.C. 80, and *Sea-Land Service, Inc., Extension—Pacific Coastwise*, 329 I.C.C. 447, discussed in the Commission's last annual report, were upheld in the courts in *Nantucket Express, Inc. v. U.S.*, Civil Action No. 68-276-W, D. Mass., and *Atchison, Topeka & Santa Fe Railway Company, et al. v. U.S.*, Civil Action 67-C-1654, N.D. Ill. In the *Nantucket* case, appellant has served notice of appeal to the Supreme Court. Therein, the Commission had found that application failed to establish the interstate nature of the water transportation between points in the same State. In the *Sea-Land* proceeding, the issue concerned a grant of authority to meet the

public need for the inherent advantages of water transportation, even though existing rail and motor service was adequate.

In *Igert Extension—Arkansas River*, 332 I.C.C. 696, 10 water carriers were authorized to operate, subject to regulation under part III of the act, along a recently opened waterway navigation route by way of the Arkansas and Verdigris Rivers from Catoosa, Okla. (port for Tulsa, Okla.), to the Mississippi River, a distance of approximately 465 miles. Subsequently, four other carriers seeking to extend their operations along the newly established waterway were approved on reconsideration.

In *McAllister Brothers, Inc., Extension—Steel*, 335 I.C.C. 52, it was found that authority was not required for the return of empty shipper-owned or shipper-furnished vessels or barges used in a pre-conceived transportation plan that requires either the delivery or return of an empty vessel used in connection with an authorized movement made by the same carrier. This principle, extending to water carriers under part III of the act, was previously held applicable to motor carriers under part II of the act.

This proceeding also reaffirmed the principle that communities and shippers are entitled to the inherent advantages of the services of water carriers. Further, in support of the professed inherent advantage relating to lower transportation charges, it was determined that supporting cost data were not essential and that the expectancy of a lower rate was a factor for consideration when the proposed service is to be rendered by a water carrier inasmuch as that mode of transportation has traditionally offered rates lower than those of competing modes. The reasonableness of the rate, which must be established by cost data, was not at issue.

#### PARCELS—PACKAGE DELIVERY

Division 1, acting as an Appellate Division, granted a request for reconsideration on the present record of its earlier decision in *Hourly Messengers, Inc., Ext.—Parcels & Packages*, 108 M.C.C. 402. Applicant is seeking authority to transport small parcels and packages between points in specified counties in Pennsylvania, New Jersey, and Delaware, and from Philadelphia, Pa., to points in 11 specified counties in Pennsylvania, to fill a void created when protestant United Parcel Service's employees went on strike in the Philadelphia area. In a prior report granting the authority sought, the division concluded that "the public convenience and necessity dictate that a major American city should not be left without motor carrier service simply because a carrier ceases operations, whatever the cause may be." The division also concluded that the cessation had gone far beyond the stage of temporary disruption, noting the ruling of the Supreme Court

in *Burlington Truck Lines v. U.S.*, 371 U.S. 156, which advised the Commission to be particularly careful in its choice of a remedy in situations where labor disputes interrupted service, and to act with discriminating awareness of the consequences of the action taken. The division found that granting the application was the only satisfactory alternative as compared with successive grants of temporary authority or the issuance of a cease and desist order.

In *Wycoff Co., Inc., Extension—Southern Idaho*, 107 M.C.C. 776, Division 1 considered an application for authority to transport general commodities moving in an express service, limited to packages weighing not more than 250 pounds and to a daily shipment limitation of 500 pounds. It was found that the major need was for a service to transport expeditiously packages weighing less than 100 pounds and that the service proposed was distinguishable from an express service by the fact that it did not meet all of the criteria of such a service as laid down by the Commission in *Transportation Activities of Arrowhead Freight Lines*, 63 M.C.C. 573, particularly those relating to articles of unusual value and to the charging of premium rates. To prevent applicant from invading the field of service occupied by the protesting general commodity carriers, which were satisfactorily handling shipments above 100 pounds in weight, it was concluded that the service to be authorized should be limited (1) to the transportation of packages or articles each weighing not more than 100 pounds, and (2) against the transportation of packages or articles weighing more than 200 pounds in the aggregate from one consignor at one location to one consignee at one location during a single day.

### TEMPORARY AUTHORITIES

Temporary authority is granted under section 210(a) of the act to enable a carrier to provide service for which there is an immediate and urgent need to a point or points within a territory having no carrier service capable of meeting that need.

The Commission's grants of temporary authority to D. W. Ramsey Motor Freight, Inc., et al. [No. MC-4906 (Sub-No. 2TA)], and American Farm Lines, Oklahoma City, Okla. (No. MC-129908TA), were set aside, respectively, in *Acme Cartage Co. v. United States*, 290 F. Supp. 453, and *Black Ball Freight Service v. United States*, 298 F. Supp. 1006. The courts held that the Commission had acted arbitrarily by not following provisions of its own Temporary Authority Rules requiring consideration as to whether the urgently needed service can and will be provided by existing certified carriers [49 C.F.R. 240.2(c)(8) and (9)]. These cases represent the only cases in the Commission's history of administering section 210(a) in which grants of temporary authority have been set aside—both cases coming



after issuance of the Commission's Temporary Authority Rules (49 C.F.R. 1131).

In *Superior Trucking Co., Inc., et al v. United States, et al.*, Civil Action No. 12407, U.S.D.C., N.D. Ga., the Commission's grant of temporary authority to Equipment Transport, Inc., West Columbia, S.C., was affirmed by the U.S. District Court for the Northern District of Georgia. The court held that the Commission's Temporary Authority Rules should not be construed to impose more rigid standards on the grant of temporary authority than the summary procedures envisioned by section 210(a), and indicated that the only requirement is reasonable compliance with subsections 8 and 9 of the rules. It distinguished the two cases referred to in the preceding paragraph on the ground that there was no evidence in either of those cases that any shipper had requested service from any plaintiff motor carrier, while in the case before it shippers had shown that prompt and adequate service was not available from plaintiffs.

A petition seeking modification of section 1131.2(c) of the Temporary Authority Rules was filed in April 1969. Statements have been received and the matter is now receiving consideration.

#### RULEMAKING PROCEEDINGS

On the basis of a petition filed by the State of California, and representations filed by the Department of Transportation and numerous carriers and associations of carriers after the petition was published in the Federal Register (Aug. 28, 1968, 32 F.R. 12153), the Commission instituted a rulemaking proceeding, No. MC-C-6168, Regulations Governing the Transportation in Interstate or Foreign Commerce of Hazardous Materials by Motor Vehicle over Direct Routes. The proceeding will inquire into the circumstances attendant to the safe transportation of hazardous materials, including explosives and other dangerous articles, by motor vehicle, in interstate or foreign commerce, over regular and irregular routes within the United States. Also to be considered will be the adoption of rules to require or to allow these motor carriers of hazardous materials to utilize the nearest direct route approved by State and local authorities in the movement of such materials from origin to destination.

On October 1, 1968, in Ex Parte No. MC-74, the National Automobile Transporters Association and a number of motor common carriers of automobiles in driveaway service, generally known as "automobile transporters," filed a petition seeking institution by the Commission of a rulemaking proceeding to determine a definition and classification of "casual driveaway service" of motor vehicles by motor common and contract carriers, and to distinguish such service from the "regular driveaway service" of automobile transporters generally. Petitioners

seek utilization of a definition of "casual driveaway service" as a term meaning "single driveaway service by casual drivers for casual shippers." They also propose that such service be defined to mean any transportation arrangement whereby a single motor vehicle is driven under its own power (1) by a driver not regularly employed by the carrier but engaged specifically for the trip involved, and (2) for an owner in whose name the vehicle is registered and licensed, when moving at such owner's expense and not under arrangements made by any business, commercial, or governmental organization.

A number of motor common carriers filed representations in support of or in opposition to the petition, and several parties have submitted definitions of "casual driveaway service" as alternatives to that proposed by petitioners. The matter is under consideration by the Commission.

### EXPRESS

A judicial appeal of the Commission's decision after oral argument in *Express Company Terminal Areas*, 332 I.C.C. 91, was filed in the District Court for the Northern District of Georgia. *Northern Freight Lines, Inc. v. U.S. et al.*, C.A. 12699. As noted in our 82nd Annual Report, in that proceeding we concluded that recognizing and encouraging express operations would be one of the most practicable available means toward coordinating the various modes of transportation, particularly with regard to the handling of small shipments and the provision of special services. We also found that reasonable boundaries for REA's terminal areas in which it may render pickup, delivery, and transfer service on all traffic, including that handled in motor line-haul movements, could continue to be set by it.

REA's proposal to restructure its operations so as to establish collection and distribution facilities at a number of large cities, to operate between these terminal cities over existing and new routes, and to operate between each terminal city and points in the area to be served by that terminal over existing and new routes was also noted in our last annual report. The application for permanent authority to perform this service, No. MC-66562 (Sub-No. 2314), as well as a proposal to eliminate certain restrictions in its certificates, No. MC-66562, Modification of Certificates, are presently pending.

## FINANCE AND ACCOUNTS

### CARRIER FINANCIAL CONDITION

Operating revenues of all regulated carriers as a group continued to increase in 1968. In calendar year 1968 these carriers recorded total revenues of \$25.9 billion, an increase of 4 percent over calendar 1967, while in fiscal 1969 an advance of 6.4 percent over fiscal 1968 was posted. As shown by the following table,<sup>2</sup> not all carriers shared in the increase. There was a 30.3-percent decrease in calendar 1968 revenues for the Pullman Co., and a 7.5-percent drop for the Railway Express Agency (REA).

The railroad industry attained record highs as revenues climbed 4.5 percent in calendar year 1968 and 8.2 percent in fiscal year 1969. Oil pipelines, motor carriers of passengers, and motor carriers of property all continued the improvement shown in previous years, and attained new records in operating revenues in 1968. Water carriers showed a moderate degree of recovery in calendar 1968 from the setback of the preceding calendar year.

Class I railroad revenues from passenger and allied service in 1968 aggregated \$685.8 million,<sup>3</sup> compared with total operating revenues of \$886.2 million for class I motor carriers of passengers. Mail, express, and freight assigned to passenger and allied service comprised approximately 23 percent of the rail revenues while bus mail and express revenues made up only 10 percent of total revenues.

The charts on page 72 show the trend of operating revenues by transport agency since 1947. Accompanying charts on page 74 show indexes of operating revenues for carriers whose revenues increased at a greater rate than national income and indexes for carriers whose revenues did not keep pace with the national income growth rate.

#### *Railroads*

As the economy continued to forge ahead in 1968, class I railroad freight revenues, tonnage, and ton-miles improved from the slightly

<sup>2</sup> Because of duplication resulting from intercompany payments to carriers, revenues of freight forwarders and private car lines were excluded from the table of revenues. The operating revenues of freight forwarders, after payments to carriers and inclusion of incidental revenues, were \$186 million for calendar year 1967 and \$197 million for calendar year 1968. Operating revenues for private car lines were \$652 million in 1967 and \$693 million in 1968. Electric railways had revenues of \$11.7 million in 1967, and \$12.3 million in 1968, an increase of 5.2 percent. They are omitted from the table because data are not available on a fiscal year basis. Fiscal year data are also not available for freight forwarders and private car lines.

<sup>3</sup> Excludes Pullman Co. revenues of \$17.8 million.



*Operating revenues*<sup>1</sup>

[Dollars in thousands]

Type	Year ended Dec. 31, 1967	Year ended Dec. 31, 1968		Year ended June 30, 1968	Year ended June 30, 1969	
		Amount	Percentage change from calendar year 1967		Amount	Percentage change from fiscal year 1968
Railroads <sup>2</sup> .....	\$10,848,715	\$11,336,655	+4.5	\$10,700,686	\$11,580,625	+8.2
REA <sup>3</sup> .....	323,227	298,920	-7.5	323,026	286,766	-11.2
Pullman Co.....	25,520	17,778	-30.3	20,780	(2)	(2)
Waterlines <sup>4</sup> .....	426,287	435,200	+2.1	409,366	439,656	+7.4
Pipelines (oil).....	994,520	1,022,962	+2.9	1,019,446	1,037,183	+1.7
Motor carriers of passengers.....	945,280	990,600	+4.8	982,251	1,013,260	+3.2
Motor carriers of property..	11,308,371	11,772,014	+4.1	11,316,586	12,003,836	+6.1
Grand total <sup>5</sup> .....	24,871,920	25,874,129	+4.0	24,772,141	26,361,326	+6.4

<sup>1</sup> Partly estimated. Data for calendar 1968 and fiscal 1969 are preliminary.<sup>2</sup> Includes line-haul and switching and terminal companies. Alaskan and Hawaiian companies are included. Effective Jan. 1, 1969 the Pullman Co. was absorbed by the class I railroads using the service.<sup>3</sup> After deducting payments to others for express privileges, \$104,000,097 in 1967 and \$86,233,103 in 1968.<sup>4</sup> Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.<sup>5</sup> Omits electric railways with operating revenues of \$11,723,618 in 1967 and \$12,304,228 in 1968.

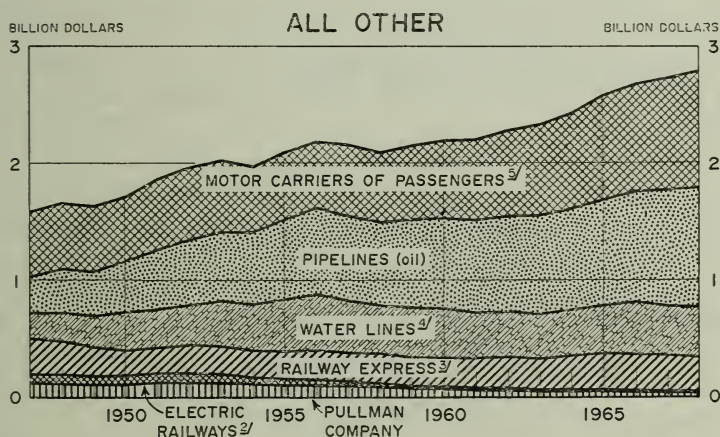
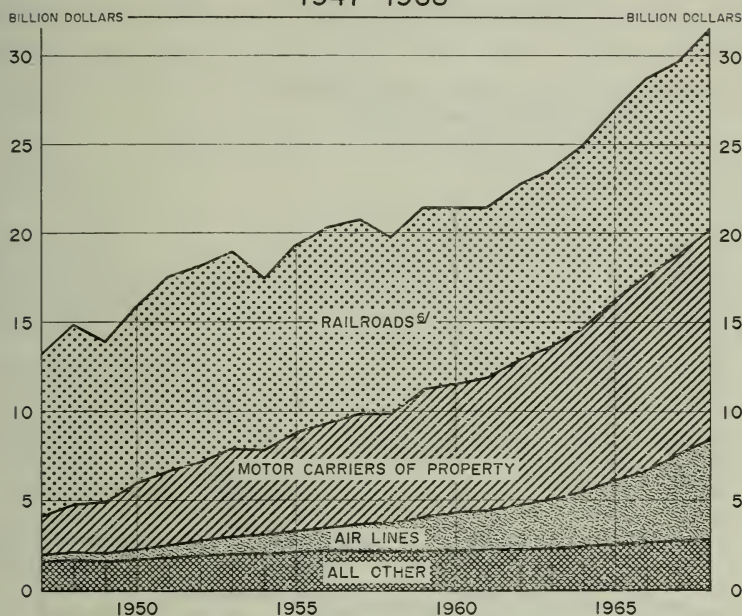
depressed levels of 1967, by 6.8, 1.0, and 3.5 percent, respectively (see accompanying table). Higher revenues were attributed to increased rates and tonnage over 1967, but the tonnage carried was below the peak year, 1966. Passenger revenues were down 8.5 percent, and total passenger service revenues (including mail and express), continuing an unabated decline, fell approximately 22 percent from 1967. Total operating revenues increased only 4.7 percent, but were, however, at a peak level.

Wage and material price inflation increased in rate in 1968 and a 3.2-percent reduction in the number of employees was accompanied by an increase in operating expenses of 4.6 percent. The 6.6-percent increase in net income (before extraordinary and prior period items) led to a mere 0.20-percent point increase in return on equity to approximately 3.28 percent. At the same time expenditures for road and equipment declined 1.6 and 28.7 percent, respectively.

Given competitive pressure, continued inflation, and unsatisfactory rates of return, the general financial condition of railroads may be expected to remain poor, capital expenditures to remain minimal, and reduction in employment extended.

As in the past, freight revenues increased most in the western district and least in the eastern district, with southern district falling between. The increases were 7.5, 5.4, and 7.1 percent, respectively. The stockholders of the eastern district roads, however, continued to receive dividends in the 2 years. In 1967, eastern district roads had a net deficit of \$180 million and paid \$183 million in dividends while in 1968, on net income of \$56 million, dividends amounted to \$173 million.

# OPERATING REVENUES,<sup>1/</sup> BY TRANSPORT AGENCY 1947-1968



<sup>1</sup> Partly estimated.

<sup>2</sup> Shifts of carriers from electric to line-haul railroad and other classifications and partial and complete abandonments have affected the decline by an indeterminate amount.

<sup>3</sup> After deducting payments to others for express privileges.

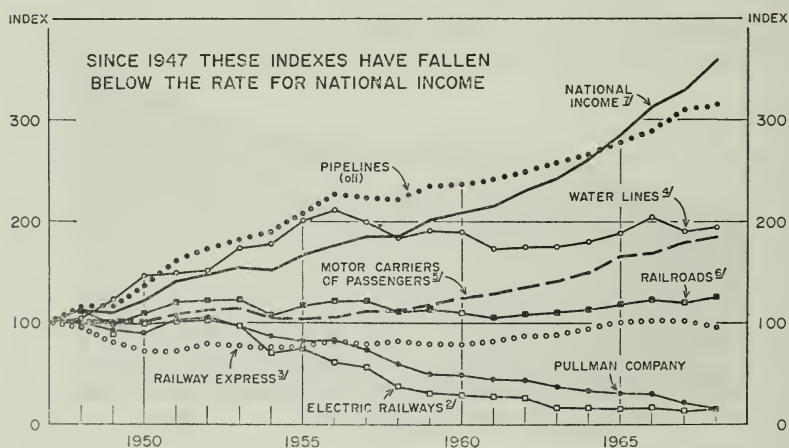
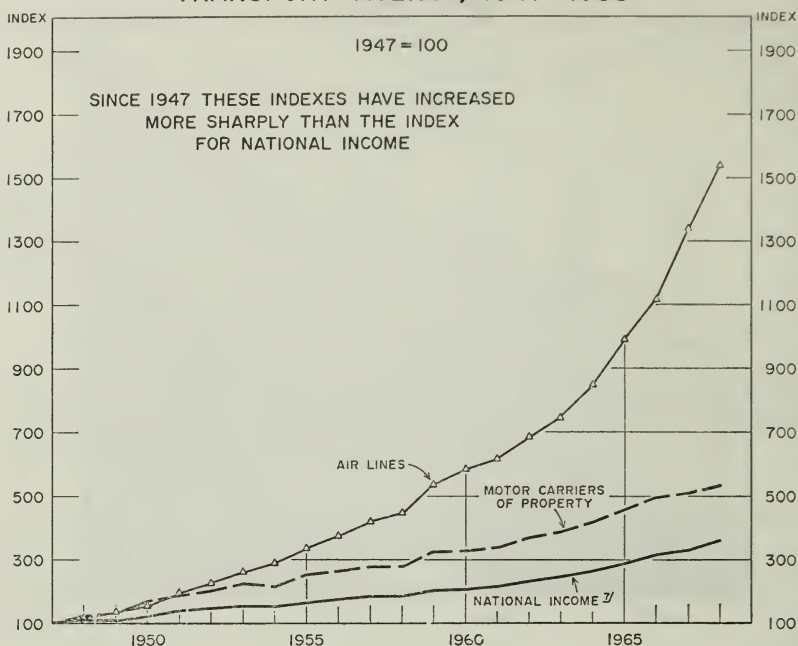
<sup>4</sup> Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

<sup>5</sup> Does not include motor carrier revenues of electric railways, included under electric railways.

<sup>6</sup> Includes switching and terminal companies.

Sources: 1947-67, Annual Reports of the Interstate Commerce Commission; 1947-56, I.C.C. Bureau of Transport Economics and Statistics, *Statistics of Class I, II, and III Motor Carriers, 1939-56*, Statement No. 589; and 1968, staff estimates, Air data from Civil Aeronautics Board; data cover operating revenues in domestic revenue operations only, including Alaska but not overseas, and do include the local Hawaiian line within those islands. Inclusion of Alaskan and Hawaiian data makes no perceptible difference in the chart.

# INDEXES OF OPERATING REVENUES,<sup>1/</sup> BY TRANSPORT AGENCY, 1947-1968



<sup>1</sup> Partly estimated.

<sup>2</sup> Shifts of carriers from electric to line-haul railroad and other classifications and partial and complete abandonments have affected the decline by an indeterminate amount.

<sup>3</sup> After deducting payments to others for express privileges.

<sup>4</sup> Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

<sup>5</sup> Does not include motor carrier revenues of electric railways, included under electric railways.

<sup>6</sup> Includes switching and terminal companies.

<sup>7</sup> Revised national income. Source: U.S. Department of Commerce, *Survey of Current Business*, July 1969, and earlier issues.

Sources: 1947-67, Annual Reports of the Interstate Commerce Commission; 1947-56, I.C.C. Bureau of Transport Economics and Statistics, *Statistics of Class I, II, and III Motor Carriers, 1939-56*, Statement No. 589; and 1968 staff estimates. Air data from Civil Aeronautics Board; data cover operating revenues in domestic revenue operations only, including Alaska but not overseas, and do include the local Hawaiian line within those islands. Inclusion of Alaskan and Hawaiian data makes no perceptible difference in the chart.



The first half of 1969 showed a relatively discouraging picture with expenses increasing faster than revenues, and tax accruals and equipment rents increasing at a greater rate than either, resulting in a net railway operating income slightly more than 1 percent below that earned in the first 6 months of 1968.

*Selected statistics—class I line-haul railroads<sup>1</sup>*

	1967	1968	Percent change
Freight revenues.....thousands..	\$9,130,233	\$9,749,788	+6.8
Passenger revenues.....do.....	485,369	444,334	-8.5
Total revenues from passenger and allied service.....do.....	877,711	685,784	-21.9
Total operating revenues.....do.....	10,366,041	10,854,678	+4.7
Total operating expenses.....do.....	8,204,492	8,580,961	+4.6
Ordinary income.....do.....	553,789	590,402	+6.6
Tons of freight carried.....thousands..	2,570,067	2,596,017	+1.0
Ton-miles.....millions..	719,397	744,479	+3.5
Number of employees.....average..	610,191	590,536	-3.2
Gross capital expenditures:			
Road.....thousands..	\$374,097	\$368,259	-1.6
Equipment.....do.....	1,148,381	818,720	-28.7
Total.....	1,522,478	1,186,979	-22.0

<sup>1</sup> Annual operating revenues of \$5 million or more.

Source: Annual Reports to the Commission.

### *Motor Carriers*

*Property.*—Operating revenues reported by 1,237 class I intercity motor carriers of property<sup>4</sup> in 1968 were \$9.5 billion, 18 percent above the revenues of \$8.1 billion reported by 1,198 carriers in 1967.<sup>5</sup> Operating expenses rose relatively less and amounted to \$9.1 billion in 1968 compared with \$7.8 billion in 1967, resulting in the operating ratio improving from 96.36 percent in 1967 to 95.35 percent in 1968.

The 11.3-percent rise in net carrier investment in transportation property plus working capital in 1968 reflected a continued long term increase. Net carrier operating income was 55.7 percent higher in 1968. Net income, before adjustment for extraordinary and prior period items, increased 59.6 percent compared with a 14.9-percent increase in shareholders' and proprietors' equity. The rate of return from transportation services advanced from 15.07 percent in 1967 to 21.08 percent in 1968. The ratio of net income to shareholders' and proprietors' equity rose from 9.23 to 12.83 percent.

*Passengers.*—Operating revenues derived from passenger intercity schedules of class I intercity motor carriers of passengers amounted to \$487.9 million in 1968, an increase of 1.7 percent. Total operating revenues as shown by 176 carriers in 1968, compared with 177 in 1967,

<sup>4</sup> Annual revenues of \$1 million or more.

<sup>5</sup> Comparisons between 1967 and 1968 are affected by the reclassification of a large carrier from local to intercity in 1968.

increased by \$25.7 million or 3.8 percent above those in 1967. Revenues from charter service or special service were 4.6 percent above the preceding year. Passenger revenues from local and suburban schedules increased from \$14.2 million to \$16.7 million from 1967 to 1968, a rise of 17.4 percent. Other operating revenues, derived mostly from the handling of baggage and small parcels, increased to \$101.7 million, or 12 percent above those of 1967.

The operating ratio of the intercity carriers rose slightly from 88.31 percent in 1967 to 88.36 percent in 1968. Net carrier operating income increased from \$78.3 million in 1967 to \$81.2 million in 1968. Net investment in transportation property plus working capital went up by 3.1 percent. The ratio of net carrier operating income to net investment in transportation property plus working capital increased somewhat from 24.36 to 24.51 percent. Net income, before adjustment for extraordinary and prior period items, increased to \$34.8 million—50.7 percent above 1967. The ratio of net income to shareholders' and proprietors' equity increased from 11.56 percent in 1967 to 15.10 percent in 1968.

Preliminary information for class I intercity passenger carriers<sup>6</sup> in the first half of 1969 showed a 5.3-percent increase in operating revenues and a 3.9-percent increase in operating expenses from the corresponding 1968 period. Net income, before adjustment for extraordinary and prior period items, increased to \$12.8 million.

Eighty-eight class I local motor carriers of passengers reported operating revenues in 1968 of \$185.3 million, only 0.7 percent up from the \$184 million received by 85 carriers in 1967. The operating ratio of these carriers increased from 97.14 percent in 1967 to 99.08 percent in 1968, reflecting the relatively greater increase in operating expenses. Net income for 1968, before adjustment for extraordinary and prior period items, was \$2.1 million or 62.5 percent below the previous year.

### *Water Carriers*

Following a slight decrease from 1966 to 1967, total waterline operating revenues of class A and B carriers<sup>7</sup> by inland and coastal waterways rose to \$307.4 million in 1968, a 3.8-percent increase over the \$296.1 million reported for 1967. Freight revenues increased 5.8 percent, from \$215.9 million in 1967 to \$228.5 million in 1968, while passenger revenues, breaking the upward trend of the past several years,

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<sup>6</sup> Effective Jan. 1, 1969, the revenue requirement for class I motor carriers of passengers was increased from average annual operating revenues of \$200,000 or more to \$1 million or more.

<sup>7</sup> Class A carriers are those having average annual operating revenues exceeding \$500,000; class B carriers are those having average annual operating revenues exceeding \$100,000 but not more than \$500,000.

dropped to \$9.2 million, an 8.2-percent decrease from the \$10 million reported in 1967.

The operating ratio increased from 87.35 percent in 1967 to 88.53 percent in 1968 as a result of a 5.2-percent increase in waterline operating expenses which rose to \$272.1 million in 1968. Net revenue from waterline operations of \$35.3 million was 5.8 percent lower than the 1967 net revenue of \$37.5 million, and net income, before adjustment for extraordinary and prior period items, dipped slightly—from \$25.4 million in 1967 to \$25.3 million in 1968, or 0.3 percent. Waterline operations rate of return on net investment in transportation property plus working capital, 12.17 percent in 1968 compared with 14.09 percent in 1967, declined for the second successive year. The ratio of net income to shareholders' equity, 10.96 percent in 1968, was 1.21 percentage points below the 1967 ratio of 12.17 percent.

Preliminary reports for the first 6 months of 1969 indicate a slight decline in freight revenues from the first half of 1968, reflecting a corresponding decrease in the number of tons carried. Passenger revenues increased 14.2 percent over the comparable period of 1968.

#### *Freight Forwarders*

The number of shipments handled and total weight of shipments by 64 class A freight forwarders<sup>8</sup> increased slightly, 1.0 and 3.5 percent, respectively, while revenues from shipments were 8.1 percent higher in 1968 than in 1967. Total operating revenues, that is, transportation revenues less transportation purchased, increased 6 percent to \$196.9 million. The operating ratio rose from 90.05 percent in 1967 to 91.28 percent in 1968 because of a rise in operating expenses of 7.5 percent. The net result was that revenue from forwarder operations declined by 7.1 percent to \$17.2 million. This figure, augmented by other income and diminished by income taxes, fixed charges, and other deductions, yielded net income of \$5.9 million, down 39.4 percent from 1967.

Railroad transportation purchased by the forwarders increased 4.2 percent in 1968 over the previous year after dipping 6.7 percent from 1966 to 1967. The rise could be attributed to the increase in rail rates and use of piggyback service, which has been receiving an increasing share of rail transportation purchased by forwarders. Concurrently, motor transportation purchased rose 17 percent above 1967, a substantial ascent as compared to the 2.5-percent increase between 1966 and 1967. Total transportation purchased from carriers handling forwarder traffic was \$367.7 million, up 9.1 percent, contrasted with a 2.6-percent drop the preceding year.

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<sup>8</sup> Average annual gross operating revenues of at least \$100,000.



Carriers' quarterly reports for the first half of 1969 indicate an increase in operating revenues when compared with the same 6 months of 1968. Revenues from forwarder operations were higher, while net income showed very little change. Tons of freight received from shippers increased slightly as did the number of shipments received.

### *Oil Pipelines*

Productivity of oil pipeline companies regulated by the Commission continued to advance in 1968. The trunkline systems of crude oil pipelines increased oil transport from 1.21 trillion barrel-miles in 1967 to 1.27 trillion in 1968. The refined oil product trunkline systems increased the number of barrel-miles by 2.9 percent, from 925.1 million in 1967 to 951.7 million in 1968. Miles of trunklines operated in 1968 amounted to 121,796, up 3.2 percent from the preceding year.

Total operating revenues increased 2.4 percent to \$990.5 million from the 1967 total of \$966.8 million. Operating expenses of \$577.5 million were 5.7 percent above the \$546.4 million reported in 1967. The operating ratio moved from 56.51 percent in 1967 to 58.30 percent in 1968, reflecting the effect of the relatively larger increase in expenses than in revenues.

Pipeline operations provided net revenues amounting to \$413 million in 1968, down 1.9 percent from the previous year. Net investment in transportation property plus working capital totaled \$3.1 billion in 1968, compared with \$2.8 billion in 1967. The ratio of net revenue to net investment declined from 14.90 percent in 1967 to 13.42 percent in 1968.

Shareholders' equity amounting to \$1.6 billion in 1968, represented an increase of \$118.4 million or 8.2 percent. Net income of \$254.1 million, after adjustment for extraordinary and prior period items, was 0.8 percent below 1967. The ratio of net income to shareholders' equity decreased from 17.66 to 16.19 percent.

### RAILROAD REORGANIZATIONS

In the Boston and Providence Railroad reorganization proceeding, the Commission denied a petition of the Boston and Providence Railroad Corporation Development Group requesting a finding under 11 U.S.C. 208(a) (1) that the plan of reorganization approved by the Commission be recalled from the court in view of subsequent developments which were not provided for in the plan. The Commission also received an application, which is pending, requesting approval of certain documents set forth in the plan of reorganization. Upon request of the Circuit Court, the Commission advised the court that in its opinion the provisions of the plan of reorganization providing for the establishment of a fund of at least \$550,000 for the payment of

reorganization expenses did not preclude the payment of larger amounts, if the court ultimately deemed it appropriate.

In the Central Railroad Co. of New Jersey reorganization proceeding, the Commission authorized Murray Salzberg and others to act as a protective committee for holders of certain bonds of the debtor.

In the Tennessee Central Railway Co. reorganization proceeding, the Commission authorized the debtor to abandon the operation of its lines, and to sell portions of its lines to the Louisville & Nashville, the Illinois Central, and the Harriman & North Eastern railroads, the last a subsidiary of the Southern Railway system.

The Penn Central Co. has taken over operations of the New York, New Haven & Hartford Railroad Co., but the court has remanded to the Commission the issue of the price set for the properties of the New Haven.

### SECURITIES

Security applications filed by railroads and motor carriers and their noncarrier parent companies under sections 20a and 214 totaled 170. Authority was granted to issue securities in the principal and par amount of \$1,209,407,469. Also 5,103,638 shares of no-par-value common stock were authorized. Motor carrier issues accounted for \$147,817,557 of the principal and par amount and 4,749,093 of the no-par-value shares. Corresponding figures for the previous year were \$518,242,794, and 1,744,107 no-par-value shares, of which \$107,107,939 principal and par amount and 131,065 no-par-value shares were issued by motor carriers.

Authority was granted for the assumption of obligation and liability with respect to \$172,711,278 total principal amount of securities, of which \$144,840,000 was with respect to railroad equipment trust certificates. The coupon rate of these certificates ranged from  $5\frac{7}{8}$  to  $7\frac{5}{8}$  percent, the selling price from 98.4273 to 99.8117 percent of principal, plus accrued interest, and the interest cost ranged from 6.082 to 7.886 percent. This year's low was 0.162 percentage points higher than last year's, this year's high was 0.8875 percentage points higher than last year's, and the trend was upward.

One special application for exemption from competitive bidding under the provisions of *In re Competitive Bidding in Sale of Securities*, 257, I.C.C. 129, was granted.

Applications of railroads or their noncarrier parent companies totaled 49, applications of motor carriers or their noncarrier parent companies totaled 121, and petitions of railroads, motor carriers, and their noncarrier parent companies totaled 28.

The Penn Central Co. was authorized to issue the largest amount of securities of any carrier in recent years. In total, it was authorized to issue not exceeding \$550 million principal amount of commercial

paper notes and credit promissory notes, but this included authority to issue \$150 million principal amount to refinance notes authorized earlier in the year, leaving a net additional authority of \$400 million. The Penn Central was also authorized to issue not exceeding \$300 million principal amount of term promissory notes on January 1, 1971, to replace revolving promissory notes then outstanding, and the Pennsylvania Co., a subsidiary of the Penn Central, was authorized to issue \$35 million of collateral trust bonds and to use the proceeds to acquire certain securities from Penn Central.

During the year, REA was authorized to issue 180,000 shares of common stock to three independent voting trustees, as consideration for their services, in connection with a plan whereby 50-odd railroads, which own most of REA capital stock, agreed to deposit their shares of REA capital stock with the trustees.

### LOAN GUARANTIES

The provisions of part V of the act as to new loan applications terminated June 30, 1963. All applications have been acted upon and proceeds of all guaranteed loans have been disbursed. During the year eight petitions to modify the provisions of guaranteed loans were acted upon, the most significant being a petition of the Chicago & Eastern Illinois Railroad Co. to prepay in full one of its guaranteed loans, having an unpaid balance of \$2,100,000.

A total of 36 loan guaranty applications were filed. Loans in the principal amount of \$243,972,360 were guaranteed to 14 railroads and to the trustees of the New Haven Railroad, and of this amount \$1,500,000 was approved but not disbursed. Repayments totaled \$63,132,749 as of June 30, 1969, leaving unpaid balances of \$179,339,611.

The two defaulted part V loans to the New Haven Railroad (in reorganization since July 1961), having unpaid principal balances of \$13 million and \$1,375,000, respectively, and accrued interest of \$300,740, were paid by the United States on October 2, 1961. The trustees paid \$300,787 during the year on the \$1,375,000 loan according to an agreement approved by the court in 1965. The \$355,907 balance of that loan will be satisfied by delivery to the United States of Boston and Providence Railroad (B&P) bonds upon finalization of the B&P reorganization proceedings.

The two defaulted part V loans to the Central Railroad Co. of New Jersey (in reorganization since March 1967), having unpaid balances of \$12,375,000 and \$4,620,000, respectively, and accrued interest of \$373,313, were paid by the United States on June 1, 1967. A total of \$720,948 was recovered this year from revenue derived from collateral securing these loans, leaving an unpaid balance of \$15,871,131.



## BUREAU OF ACCOUNTS

*Accounting*

*Disclosure of financial condition.*—The complex economy of a highly competitive transportation industry places increased emphasis on the necessity for disclosure of meaningful financial data. To that end, we have continued our studies in projects undertaken to reveal significant information respecting Federal income taxes resulting from adjustments because of accelerated depreciation, guideline lives, investment tax credit, and other items allowed for income tax purposes but not recorded in the books of accounts kept under the Commission's regulations. To implement this objective, we are continuing to give active consideration to revisions of annual reports filed by the carriers, including a reconciliation between book net income and estimated taxable net income and related income tax consequences.

*Revisions of accounting rules for freight forwarders and railroads.*—Comprehensive modifications are being processed to revise the uniform system of accounts for freight forwarders to provide for new and developing changes in this mode of transportation. The modifications will meet the need for current information concerning cost of performing operations and for improved presentation of the financial conditions of carriers in this category.

Major revisions are in progress in the accounting rules for railroads, including changes in the regulations relative to accounting for highway vehicles used by railroads; modifications are also being made in the accounts to effect better disclosure and provide additional data for cost finding purposes.

*Carrier Reporting Requirements*

The Commission revised the revenue classification of motor carriers of passengers, docket No. 35045, *Classification of Motor Carriers of Passengers*, effective January 1, 1969. The classification established new limits for accounting and reporting purposes of \$1 million or more average annual gross operating revenue for class I carriers, \$200,000 to \$1 million for class II carriers, and under \$200,000 for class III carriers. As a result, 176 carriers were relieved from a prescribed uniform system of accounts and the filing of quarterly financial reports. In addition, they were relieved from completing the 52-page annual report Form D, and required to file the 4-page annual report Form E. The reduced requirements resulted in the filing with the Commission of about 1,400 fewer copies of quarterly reports, and 16,000 fewer pages of annual financial and statistical data.

Reporting changes for annual reports of oil pipeline companies were adopted, which generally increased the minimum dollar balance

in selected reporting areas. The changes resulted in a reduction of the reporting burden for oil pipeline companies without loss of information necessary for regulatory purposes.

Arrangements were completed to provide for an alternate method of reporting freight commodity statistics by class I railroads and motor carriers of property by the use of computer generated reports. Carriers are to file the commodity data on standard computer forms, which are to be accompanied by a balanced deck of punched cards suitable for direct use by the Commission.

The amount of statistical material for class II motor carriers of property published in part 7, Motor Carriers, *Transport Statistics in the United States*, was reduced to provide for improved processing and cost reductions without the loss of essential data.

The procedures for processing monthly reports of employees, service and compensation, ICC Wage Statistics, Forms A and B, filed by class I railroads, were revised to include computerized tolerance checks for quality control of the data reported and the statistics published in monthly Statement M-300, *Wage Statistics of Class I Railroads in the United States*.

#### *Cost Finding*

*Motor carrier revenue needs.*—In various formal investigations of proposed motor carrier rate increases, we ordered respondent carriers to provide cost and traffic studies, certain financial and affiliated data, and specifically “the sum of money, in addition to operating expenses, needed to attract debt and equity capital which they require to insure financial stability and the capacity to render services.” The carrier groups involved generally sought to comply with these orders of proof, and shipper interests conscientiously insisted upon strict compliance by the carriers.

Of special importance in these proceedings, beyond the question of the representativeness of cost and traffic studies, has been the major and often controlling issue of revenue needs, which goes to the analysis of capital requirements. As we noted in *General Increase, Middle Atlantic and New England Territories*, 332 I.C.C. 820, 838, the true course is to determine what are the legitimate expenses and capital requirements for providing the required motor carrier service. Also, in *Increased Rates and Charges, From, To and Between Middlewest Territory*, 335 I.C.C. 142, 148, we indicated that the single most important gauge of a motor carrier’s ability to attract equity capital is its return of value over and above the values the investors have committed to the enterprise, and that two significant measures are the rate of return on stockholders’ investment and the rate of return on assets. Concerning the carrier’s ability to attract debt capital, the financial condition and stability of the carrier itself will largely determine the

cost of debt capital to it. Of course, increasing interest rates also mean that the same financially sound carrier must pay higher interest rates on debt capital, thus affecting its debt-to-equity relationship.

While the Commission is concerned over the amount of revenues needed by motor carriers to cope with steadily increasing labor and material prices, taxes, and cost of capital, it is equally concerned over the need to provide shippers with adequate service and over its mandate to protect the public interest. An equitable balance may be achieved by seeking (1) to maintain a financially sound motor carrier system operating under reasonable profit levels, (2) to provide shippers with adequate service under just and reasonable rates, and (3) to protect the public interest by providing the consumer with an efficient transportation system at the lowest possible cost, an inflation deterrent.

*Cost factors in motor carrier platform services.*—Platform handling is one of the major cost categories of motor carrier activity. Formulas designed by the Commission's Bureau of Accounts include a determination of the average cost per hundredweight of transferring freight across the carrier's platforms from the line-haul vehicle to the pickup and delivery vehicle and vice versa. A major factor affecting platform cost is the density of the commodity. Lightweight freight characteristically requires more man-hours per hundredweight, and consequently a higher cost than does heavy or compact freight.

Since the density adjustments presently used are many years old, a new platform study was initiated in March 1969 to update the present density factors and to determine the effect of other operating factors on platform cost. These other factors include: (1) the weight of the shipment, (2) the method of transporting it across the platform, and (3) the number of pieces per shipment.

During June and July 1969, 37 carrier platforms were visited and studied. The carriers are located in 17 cities and operate in all regions of the United States. These data will be processed in the next few months and supplemented by additional study data in the fall of 1969 to adjust for seasonal variation.

*Revised motor carrier short formula.*—During the year the Bureau of Accounts published a revised edition of its short formula for computing motor carrier costs known as Highway Form B, Statement No. 6-68. The revised formula has been made more sophisticated through the inclusion of an additional summary schedule and footnotes and appendix factors to permit the user to produce more refined costs. The formula contains all the elements necessary to allow for inclusion of any transportation characteristics in computing the costs of a particular movement. The only outside information now necessary



to apply the formula is the annual report or reports of the carrier or carriers for which costs are desired.

*Study of trailer-on-flatcar (TOFC) costs.*—The Bureau of Accounts implemented a thorough and far-reaching study of TOFC costs. Heretofore, the costs of such operations have been arrived at from general information because specific data on the cost characteristics of the various aspects of the service were not available. The new study will produce detailed information on pickup and delivery costs, interchange of trailers by highway, the costs of owning or leasing trailers, and the costs of switching TOFC cars as distinguished from other types of cars. In addition, the study will produce new data on performance factors such as trailer detention time in terminal, trailer time in line-haul service, distance traveled per day by trailers and cars in line-haul service, and the problem of empty return of TOFC cars. Some of the information to be gathered will cover the entire calendar year 1969. The information on performance factors will be gathered during fiscal year 1970 and, through the use of probability sampling techniques, data will be gathered which could not be produced in any other way.

## FREIGHT TRAFFIC LEVELS

### INTERCITY—PUBLIC AND PRIVATE TON-MILES

As shown in the table on page 87, all modes of transportation had ton-mile increases in 1968. Total public and private ton-miles in intercity service increased 3.9 percent in 1968, with air and pipeline traffic recording the greatest increases of 11.9 and 8.4 percent, respectively. Rail ton-miles increased 3.5 percent, while waterborne and highway traffic each increased by 2 percent. Pipelines registered the largest increase in number of ton-miles—30.3 billion, while air traffic experienced the smallest increase—308 million ton-miles.

Water carrier data revisions raised the previous estimate of 274 billion ton-miles for 1967 to 281.4 billion. The 1968 estimate is higher than any previously recorded. Rail, oil pipeline, motor, and air ton-miles also established new records in 1968.

Changes in the proportion of ton-miles accumulated by each mode in 1968 were small; pipelines and air carriers increased their shares while the other three modes showed decreases. The rail share in 1968 was the smallest on record.

The chart entitled "Intercity ton-miles, public and private, by kinds of transportation, 1949-68," page 86, shows the relative and quantitative shares of the different transport modes. A chart depicting indexes of intercity ton-miles, industrial production, and gross national product (less services) for the years 1939-68 is shown on page 87.<sup>9</sup>

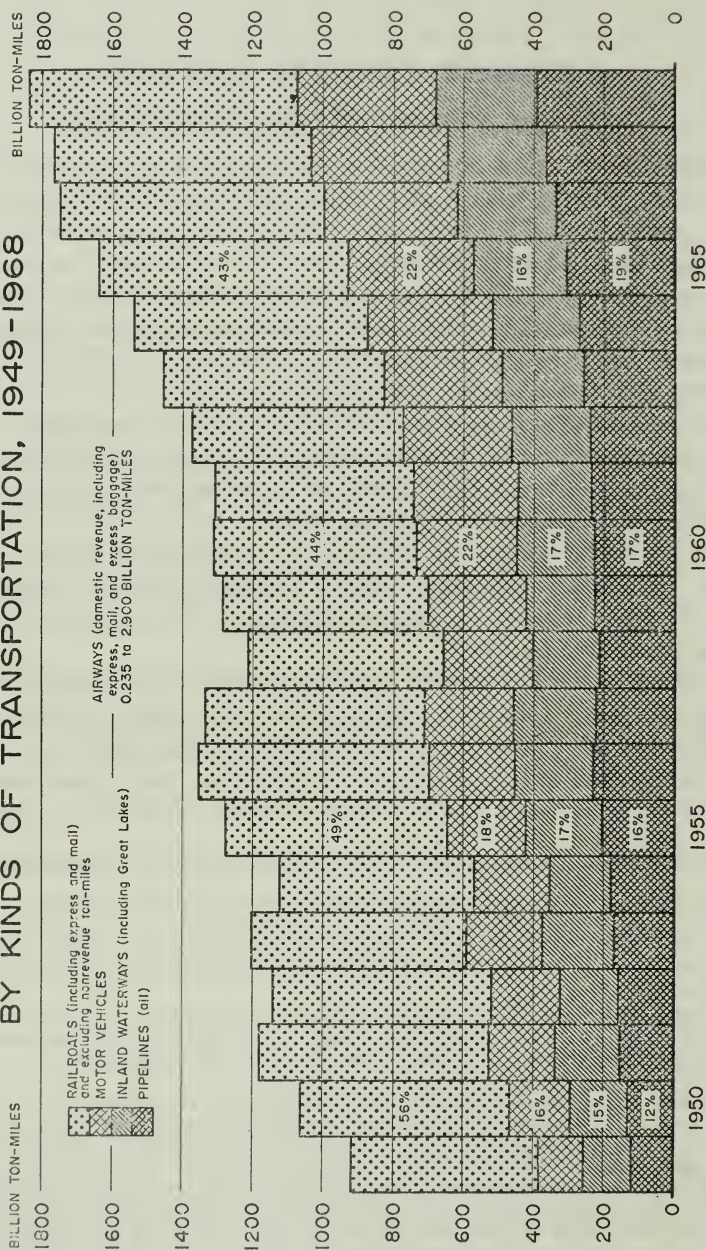
### INTERCITY—REGULATED AND UNREGULATED TON-MILES

The table on page 88 compares intercity ton-miles of federally regulated carriers<sup>10</sup> in 1967 with ton-miles of traffic not federally regulated, and provides totals and percentage distributions by mode for

<sup>9</sup> The chart shows the rough relationship between the several factors, although the index of ton-miles includes import, agricultural products, and household goods movements not included in industrial production; further the ton-mile index excludes elements produced but not transported, included in gross national product.

<sup>10</sup> Ton-miles in the federally regulated categories cover all ton-miles by carriers subject to ICC economic regulation. Traffic otherwise exempt because it is intrastate, under the commodity exclusions for water carriers, etc., is included if handled by regulated carriers. Water carrier ton-miles shown as federally regulated are based on the reports of class A and B carriers and are estimated for class C carriers. The data for foreign traffic represent movements in U.S. waters between U.S. and foreign ports. A small amount of Pacific coast and Great Lakes traffic by ICC carriers is in this category, but it is so small that the foreign ton-miles are shown separately in the table and are not divided between federally regulated and other. The water carrier data include ton-miles in deep-sea coastwise and intercoastal service which have been excluded from the table of intercity ton-miles above to the extent they are outside domestic waters as defined by the Coast Guard.

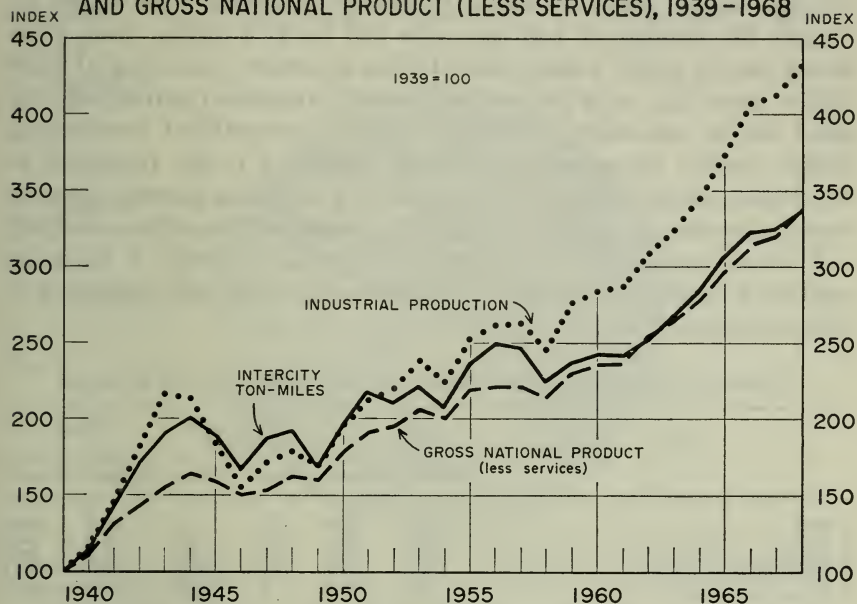
# INTERCITY TON-MILES, PUBLIC AND PRIVATE, BY KINDS OF TRANSPORTATION, 1949-1968



Source: 1949-1959, I.C.C. Bureau of Transport Economics and Statistics, *Intercity Ton-Miles, 1939-1959*, Statement No. 6103; 1960-1967, *Annual Reports of the Interstate Commerce Commission*; 1968, staff estimates.



# INDEXES OF INTERCITY TON-MILES, INDUSTRIAL PRODUCTION, AND GROSS NATIONAL PRODUCT (LESS SERVICES), 1939-1968



Source: Federal Reserve Board, Office of Business Economics, and Interstate Commerce Commission.

Sources (paragraphs are numbered to correspond with items in table):

1. Reports to the Interstate Commerce Commission. Ton-miles of electric railways are estimated on the basis of revenues and reports of some carriers. Does not include nonrevenue ton-miles which amounted to 10,833 million in 1967 and 11,738 million in 1968 for class I railroads.

2. Highway ton-miles estimated on the basis of Bureau of Public Roads data for main and local rural roads, mileages of vehicles in urban and rural areas, and Department of Agriculture data on farm consumption. Data are comparable with Statement No. 6103, *Intercity Ton-Miles, 1939-59*, and the November-December 1967 *Transport Economics* for 1959-66.

3. Ton-miles are from the Corps of Engineers, U.S. Army. Data for 1967 are revised; data for 1968 are preliminary estimates. Only ton-miles in domestic waters as defined by the Coast Guard are included herein. Does not include deep-sea coastwise and intercoastal ton-miles outside U.S. waters as defined by the Coast Guard.

4. Interstate Commerce Commission, Bureau of Mines, and other data.

5. Based on Civil Aeronautics Board statistics.

## Intercity ton-miles, public and private, by kinds of transportation, 1967 and 1968<sup>1</sup>

Agency	1967 (millions)	1968 (millions)	Percent change	Percent of grand total	
				1967	1968
1. Railroads and electric railways, including express and mail.....	731,216	756,800	+3.5	41.43	41.26
2. Motor vehicles.....	388,500	396,300	+2.0	22.01	21.60
3. Inland waterways including Great Lakes.....	281,400	287,000	+2.0	15.95	15.65
4. Pipelines (oil) <sup>2</sup> .....	361,041	391,300	+8.4	20.46	21.33
5. Airways (domestic revenue service) including express, mail, and excess baggage.....	2,592	2,900	+11.9	.15	.16
Grand total.....	1,764,749	1,834,300	+3.9	100.00	100.00

<sup>1</sup> Some revisions have been made in the data presented in the 82nd Annual Report, and most of the 1968 data are still preliminary. Alaska and Hawaii are included.

<sup>2</sup> Includes refined products and crude oil, with an allowance for gathering lines.

the two types. Railroads, which are completely regulated, accounted for the largest share of federally regulated intercity ton-miles, although the number of rail ton-miles fell by 19.6 billion from 1966. Motor carrier traffic totaled 388.5 billion ton-miles consisting of 139.9 billion ton-miles, or 36 percent, in federally regulated movements and 248.6 billion ton-miles, or 64 percent, in unregulated movements. Water carrier ton-miles of federally regulated traffic amounted to 67.2 billion, down 3.8 billion from 1966. Oil pipelines showed approximately the same proportion of federally regulated ton-miles as in 1966.

A chart comparing the intercity ton-miles in 1967 of federally regulated carriers with those of carriers not federally regulated is shown on page 89.

*Federally regulated and total intercity ton-miles, 1967, by type of service*

Type	Federally regulated <sup>1</sup>		Not federally regulated		Total	
	Billions	Percent	Billions	Percent	Billions	Percent
1. Rail.....	731.2	100.0	0	0	731.2	100.0
2. Motor <sup>2</sup> .....	139.9	36.0	248.6	64.0	388.5	100.0
3. Water <sup>3</sup> .....	67.2	13.0	448.2	87.0	515.4	100.0
4. Pipelines (oil).....	310.5	86.0	50.5	14.0	361.0	100.0
5. Air.....	2.6	100.0	0	0	2.6	100.0
Total.....	1,251.4	62.6	747.3	37.4	1,998.7	100.0
Water traffic in U.S. waters with 1 foreign and 1 U.S. terminus, termed by engineers as foreign (not divided between regulated and other).....					54.7	100.0
Grand total.....					2,053.4	100.0

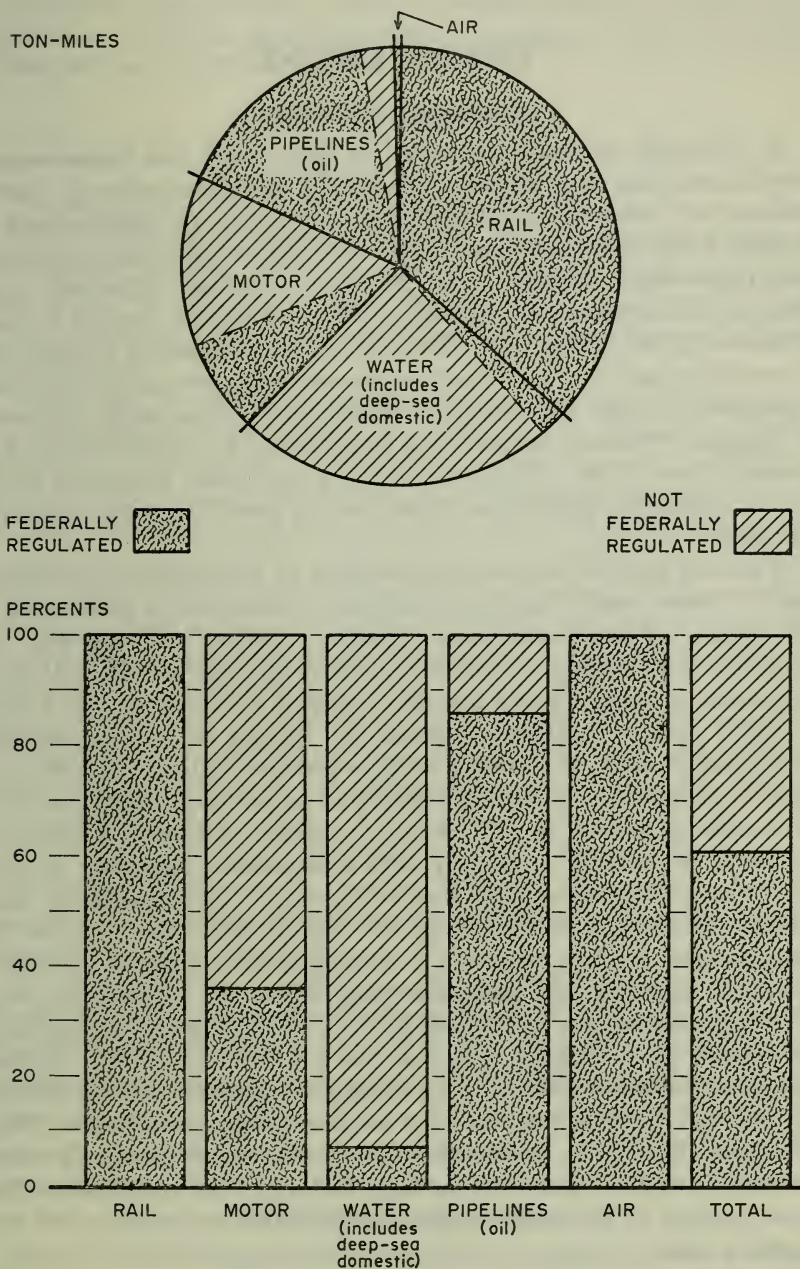
<sup>1</sup> Includes ton-miles by rail, by vehicles of class I-III intercity common and contract motor carriers, by pipelines (oil) subject to ICC regulations, and reported carried by class A and B water carriers plus an estimate for class C water carriers, and air ton-miles subject to regulation by the Civil Aeronautics Board.

<sup>2</sup> Preliminary.

<sup>3</sup> Includes coastal, inland waterways, intercoastal, and Great Lakes traffic, but not water traffic in U.S. waters with 1 foreign and 1 U.S. terminus, except for a very minor part of the ton-miles reported by ICC carriers.

Sources: Items 1, 2, 4, and 5 same as in preceding table on ton-miles, plus other ICC data, and item 3, federally regulated from reports of class A and B carriers to ICC and estimates for class C, and total from Department of the Army, Corps of Engineers, *Waterborne Commerce of the United States, Calendar Year 1967, Water Carrier Ton-Miles, Supplement 2 to Part 5, National Summaries*.

# INTERCITY TON-MILES OF FEDERALLY REGULATED AND NOT FEDERALLY REGULATED CARRIERS, 1967





## ENFORCEMENT

### CONSUMER MATTERS

As indicated in earlier chapters of this report the Commission's overall activities have become increasingly consumer oriented. This is reflected in increased participation by the Bureau of Enforcement in matters where individual consumers of transportation need representation somewhat different from the more organized industrial, shipping, and transportation company interests. This has resulted in more intensive participation by the Bureau of Enforcement in Commission proceedings such as those involving household goods carrier rules and regulations; those involving inadequate service to small shippers, to shippers who have unattractive freight, and to shippers located at points remote from large communities; and those involving motor or rail passenger operations which fail to meet the requirements of the public.

It is also reflected in increased activity by the Bureau of Enforcement in court cases which are reasonably calculated to give effect to this aspect of the Commission's mission. During the past year the Commission has begun to prosecute, both criminally and in civil suits, numerous household goods carriers for such violations as (1) failing to make proper written estimates, (2) failing to execute required weight certificates, (3) failing to show required delivery information on bills of lading, (4) failing visually to inspect household goods before making estimates, (5) failing to notify shippers of delays in delivery, (6) failing to comply with Commission reporting requirements regarding claims for loss or damage, (7) maintaining false weight tickets, (8) failing to give shippers the actual weights and charges upon specific request, (9) failing to give shippers the informational summary and statement required by the Commission, (10) granting concessions, (11) issuing bills of lading containing false statements as to weights and charges, (12) failing to file required reports of underestimates, (13) failing to maintain proper bills of lading, and (14) failing to keep proper weight certificates. These violations have been included in cases involving relatively small carriers as well as some listed among the largest in the industry. They have resulted in penalties ranging up to \$10,000, averaging well over \$1,000 a case.

Similarly, the so-called small shipments problem was attacked during the past year with several prosecutions. During the same period

the Commission utilized a court order to help assure the continued operation of a failing passenger bus service. This occurred at Kansas City where a bus company serving Johnson County commuters was required to continue service until the Commission could review the whole problem in a related case.

## PURPORTED EXEMPTIONS

### *Agricultural Cooperatives*

Problems arising out of purportedly exempt motor carriage continue to require intensive enforcement activity. Most significant in terms of the number of cases, their complexity, and the rapidly developing body of law on the subject are those involving agricultural cooperatives and section 203(b) (5) exemptions from motor carrier licensing requirements.

Public Law 90-433 involving the cooperative exemption has been in the process of implementation. In the meantime, court and Commission litigation has continued unabated. During the 18-month period from January 1968 through June 1969, the Commission obtained 10 preliminary injunctions and nine permanent injunctions against unlawful operations by cooperatives. Three of these injunctions were appealed to the 10th Circuit Court of Appeals but were upheld. Following these injunctive actions, two civil contempt actions and one criminal contempt action were brought by the Government. During this period, regulated motor carriers brought seven civil suits pursuant to section 222(b) (2) of the act, seeking injunctions against unlawful operations by cooperatives in which the Commission intervened. In one civil contempt action brought by regulated motor carriers in which the Commission intervened, the court awarded attorney fees to the regulated motor carriers' attorneys of \$13,750 against the cooperative and certain named individuals. Another court awarded damages, attorney fees, and expenses to the regulated motor carriers of \$74,447 against the cooperative and a named individual.

In addition to civil injunctive actions, the Commission concluded three civil forfeiture actions under section 222(h) of the act and the Federal Claims Collection Act (31 U.S.C. 951), and 49 CFR 1021.5, requiring forfeitures amounting to \$15,500. The Commission also instituted under section 204(c) of the act three investigation proceedings against cooperatives. Oral hearings were concluded in those proceedings.

### *Incidental-To-Air Carriage*

Motor carrier transportation furnished in connection with air transportation often provides interpretive difficulties to determine whether the operations are within the exemption from motor carrier licensing

requirements set forth in section 203(b) (7a) of the act or subject to regulation as independent motor carrier operations. When the facts determine them to be subject to economic regulation, there is frequently an enforcement problem—whether to seek compliance by administrative efforts alone or by imposing a penalty for deliberate violations of the law.

Typical of the punitive cases involving this subject is one decided in March 1969 against an individual doing business as *Air Freight by Trout*. In that case the individual was fined \$1,000 in a Federal district court in Illinois for transporting property in interstate commerce without appropriate authority, in circumstances where the purportedly incidental-to-air transportation fell outside the exemption of section 203(b) (7a). Civil injunction cases in Georgia and Florida, respectively, against Air Transfer, Inc., and against Imperial Inter-Urban, Inc., doing business as Polk Air Freight, are typical of cases where the Commission seeks compliance through a court order other than one calling for monetary sanctions. In the *Imperial Inter-Urban* case, the motor carrier's unlawful operations outside the terminal areas of airlines operating to and from Orlando and Tampa, Fla., were discontinued before the matter came to trial. No injunction was seen by the court to be necessary when the defendant assured the court it would not resume its operations. In the *Air Transfer* case, the court issued a permanent injunction on June 25, 1969, against defendant's transporting property without appropriate authority, based on this Commission's contentions that Air Transfer was providing motor carrier transportation under arrangements with various airlines from Atlanta to points in more than six States, without holding any authority to provide such service.

## REBATE AND CONCESSION CASES—ELKINS ACT

### *Land Deal*

In a court action relating to the same former management of the Boston & Maine Railroad as that which was involved in those enforcement matters reported at pages 71 and 72 of our 81st Annual Report, the U.S. District Court at Boston assessed a civil penalty of \$663,399 against a large scrap metal shipper, Michael Schiavone & Sons, Inc. This was the largest amount assessed in any single case under the civil forfeiture provisions of the Elkins Act. The shipper was found by the court to have received a concession from the railroad in violation of the treble forfeiture provisions of that act. In a 5-day trial, the Government showed that Michael Schiavone & Sons, Inc., purchased 21.5 acres of Boston & Maine Railroad property at the carrier's Mystic wharf in Charlestown, Mass., at a price reflecting far less than the



true value of the property. The Government contended that the shipper's traffic was a consideration in the transaction. The court found that the inadequate sales price paid the railroad for the land constituted a device whereby a concessionary offset was granted to the shipper. This device resulted in the interstate transportation of the Schiavone company's property over the lines of the railroad at less than lawful tariff rates. The defendant shipper has appealed this decision both to the U.S. Court of Appeals at Boston and to the Supreme Court.

#### *Interest Free Loan*

Forfeitures totaling \$44,355 were assessed against Food Fair Stores, Inc., in the U.S. District Court at Jacksonville, Fla., for obtaining a concession from the former Seaboard Air Line Railroad. The Government charged Food Fair, a major shipper in interstate commerce, with having received a concession of \$14,785 by the device of issuing a purchase money mortgage promissory note without interest to the railroad in partial payment for a tract of land in the Jacksonville area. In return for the interest free mortgage loan from the railroad, Food Fair was to locate a large warehouse on the mortgaged land and to tender traffic to the railroad. The \$14,785 was the amount saved in interest, computed at the prevailing interest rate at the time of the transaction, which should have been paid by Food Fair to the railroad on the loan. The Elkins Act provides, among other things, for the imposition of civil penalties against a shipper of goods in an amount three times the value of any consideration accepted by the shipper in violation of the act. The court found the Food Fair concession was prohibited under the Elkins Act and entered the treble forfeiture judgment for the Government in the amount of \$44,355. The judgment has been affirmed following Food Fair's appeal.

#### *Credit Violations*

Elkins Act prosecutions for concessions by means of extension of credit on freight charges have been stressed less by the Commission this year and civil actions seeking forfeitures from the railroads for violation of the Commission's credit order in Ex Parte No. 73 have been emphasized. This trend has developed since the conclusion of forfeiture suits against the Denver and Rio Grande Western and the Western Pacific railroads in the U.S. District Court in Salt Lake City, Utah. These cases had been contested through the 10th Circuit Court of Appeals and to the threshold of the Supreme Court on questions of law before their final disposition and entry of judgments in the amount of \$5,000 each, *U.S. v. Western Pacific Railroad Co.*, 385 F. 2d 161, cert. denied 391 U.S. 919.

The Staten Island Rapid Transit Company similarly involved pro-

tracted litigation, with many motions filed during its 3 years before the U.S. District Court in New Jersey, until its final disposition requiring a forfeiture. Subsequent to those cases, the Chicago, Burlington and Quincy Railroad and the Chicago and North Western Railway each paid \$10,000 in civil claims settlements based on reported violations of the Commission's rail credit order. The Lehigh Valley Railroad, the Louisiana and Arkansas Railroad, and the St. Louis-San Francisco Railroad each forfeited \$5,000 on similar claims.

The Penn Central was fined \$15,000 in the U.S. District Court at Philadelphia for criminal violation of section 1 of the Elkins Act through prolonged extensions of credit for large amounts of freight charges to the advantage of particular shippers.

#### *Devices Used by Shippers and Carriers*

*Misdescription of shipments.*—A \$25,000 Federal Claims Collection Act agreement of settlement was entered into by the Commission and Stelber Cycle Corp. of New York City with respect to claims arising from reported violations of section 1 of the Elkins Act. Stelber was seen to have obtained concessionary rail transportation of bicycles and tricycles in carload lots from New York City to points in California and elsewhere on the West Coast by misdescribing its shipments both as to content and weight. Rate defeats averaging \$650 per carload resulted from billing of bicycles and tricycles incorrectly as toys of a very light weight. In addition to this forfeiture of \$25,000, Stelber was obligated to repay to the rail carriers more than \$41,000 in undercharges resulting from the false billing.

Similarly, The Cosmin Corporation of San Antonio, Tex., forfeited \$5,000 on claims that it misdescribed its shipments of "ferrous sulphate-copperas" as "ferrous ammonium sulphate fertilizer grade" notwithstanding the fact that the product was being used as a drinking water purifier. A settlement of \$7,500 was paid by an individual, Norman Brinke, who arranged for the transportation of loaded trailers and then misdescribed the shipments as to weight. National Cellulose Corp. paid \$4,000 in settlement of claims that it misdescribed shipments of insulation, emulsion, electric pumps and regulator assemblies as factory sweepings, paper compressed in bales, bags and drums.

*Free local cartage.*—Civil forfeitures totaling \$11,000 were paid by the Hartford Times, Inc., for receiving concessions in violation of the Elkins Act. The claims arose when the newspaper company accepted free local cartage of certain carload shipments of newsprint from the New York, New Haven, and Hartford Railroad Co. The rail carrier's tariff provided for free local delivery of incoming rail shipments of newsprint hauled directly from the boxcars to the printing plant. However, shipments first stored in a warehouse rather than being de-



livered directly to the printing plant, were not entitled to free delivery. Nevertheless, the newspaper company, acting through an agent, billed the railroad for and collected delivery charges upon those shipments which had been stored in a warehouse prior to delivery to the printing plant. The acceptance of such unauthorized allowances by the Hartford Times resulted in its receiving concessions and offsets which reduced the carrier's lawfully published tariff charge for the rail transportation of the newsprint shipments.

Perfection American, Inc., a shipper of automotive gears, was fined \$7,000 on its *nolo contendere* pleas for receiving unlawful advantages in violation of section 1 of the Elkins Act. The case against the carrier-grantor, the Illinois Central Railroad, resulted in a guilty plea and a fine of \$10,000. The concessionary advantage resulted when the carrier leased from the shipper a parcel of land, which was part of the shipper's plantsite, and artificially designated the same as its piggyback terminal for the purpose of using it to receive the shipper's loaded trailers tendered to the carrier in plan III TOFC service. By this device, the carrier bore the cartage charges for transporting the trailers some 20 miles from the shipper's plantsite to the carrier's bona fide piggyback ramp.

*Other devices.* Rohm & Haas Chemical Co. paid \$7,500 in forfeitures based on claims that it misrepresented that commodities were congealed when received and required heating to unload, thus obtaining unwarranted free unloading time. The Baltimore & Ohio Railroad and Liberty Coach Co. paid Elkins Act fines of \$3,000 and \$10,000, respectively, for using two flatcars to transport mobile homes which could not fit on a single, long, rail car, and falsely describing them to be one shipment moving on two cars solely because the carrier could not furnish a car of the desired length. Misapplication of tariff demurrage rules led to Elkins Act penalties of \$5,000 from Lehigh Valley Railroad, \$7,000 from Hatco Chemical Division of W. R. Grace and Co., and \$11,000 from the Reading Co. Similarly, misapplication of tariff provisions regarding stopoffs en route led to Elkins Act fines of \$10,000 each from the Boston and Maine Corp., the Western Maryland, and the Norfolk and Western railroads. The shipper common to all three of these stopoff cases was Acme Fast Freight, Inc., a freight forwarder, which had previously been fined \$15,000 for its receipt of the concessions involved.

#### FEDERAL CLAIMS COLLECTION ACT

The most frequent use of Commission settlement procedures for civil forfeiture claims has been in connection with unauthorized motor carriage and other motor carrier matters, where settlements have averaged \$1,160 per claim. This amount exceeds the average



resulting from prior court prosecutions for the same type of violations. The procedures are also useful for railroad service order and credit extension cases.

A \$60,000 forfeiture was paid in May 1969 by the Penn Central as a result of claims made by the Commission for asserted violations of Service Order No. 1009. In surpassing a \$37,500 forfeiture paid by the Baltimore & Ohio during March of this year for violations of the same service order, the Penn Central forfeiture became the largest single fine or forfeiture paid by any rail carrier as a result of claims or litigation based upon violations of a Commission service order. Forfeitures based on violations of service orders have also been collected from the Erie Lackawanna, the Kansas City Southern, and other railroads.

The chief purposes of the procedure are to relieve the courts of congestion and to give those against whom this Commission can make a claim an opportunity to negotiate and settle the claim before the matter is made the subject of judicial proceedings. When settlement is no longer a reasonable prospect, a proceeding is then instituted in court by the Commission directly or, upon the Commission's referral, by United States attorneys in the various districts. During the 18-month period from July 1, 1967, to January 1, 1969, we would have used the courts in 83.7 percent of all enforcement actions in our overall formal enforcement program had there been no 1966 Collection Act. Instead, only 45 percent of all formal enforcement actions brought in that period required recourse to the Federal court system.

### COURT INJUNCTIVE PROCEDURES

#### *By the Commission*

The Commission has continued to make extensive use of court proceedings looking to civil injunctions against those violating the Interstate Commerce Act. These have been useful in connection with abuses of the agricultural cooperative exemption. They have also been significant in our enforcement efforts against other types of unlawful transportation, particularly that conducted by driveaway automobile transporters, and have been valuable in protecting the public from motor carriers that continue to conduct operations after their insurance has been canceled. The injunction procedure was used effectively in Alabama with respect to a carrier, Anniston-Talladega Motor Express, Inc., withholding payment of C.O.D. collections. Cardinale Trucking Corp. and Falcon Freight Forwarders, Inc., were enjoined, in New Jersey, from engaging in interstate property motor carriage and freight forwarding, respectively, without having the required cargo insurance on file. A similar insurance injunction was issued in New York against Anthony Balio, doing business as B & R Trucking Co.

Unlawful transportation is the subject of an injunction in Minnesota directed to Pelham Produce Carriers, Inc. (and others); and the Fuller Brush Co. has been enjoined from participating in such transportation.

### *Self-Help*

Carriers who are affected by unlawful operations of competitors are making increasing and successful use of the relatively new provisions of section 222(b)(2) of the act to bring court actions seeking injunctions and damages for themselves. Probably the most notable action under this section to date is *Munitions Carriers Conference, et al., v. American Farm Lines and Howard McCormack*, which led to a civil contempt action predicated upon a private injunction suit, in both of which the Commission participated. The U.S. District Court at Oklahoma City found plaintiffs to be damaged in the amount of \$43,650 and allowed attorney fees to the plaintiffs of \$30,000 plus \$797, for a total award of \$74,447. This was the first suit of its kind in which damages were awarded to private litigants. The court found the defendants in contemptuous violation of its injunction originally entered in the basic case. During the year, the Commission participated in 12 cases brought by private parties. Most have involved the transportation activities of either heavy haulers or agricultural cooperatives.

### *Contempt Actions*

As an enforcement tool a court order enjoining particular activities is valuable because, when violated, it provides a basis for an action for contempt of court.

The effectiveness of this sanction readily can be seen in a case brought at Brooklyn, N.Y., in which Joseph Lieberman, doing business as M. Lieberman & Sons, charged with criminal contempt of court for violating an injunction prohibiting operations without evidence of insurance on file with the Commission, was sentenced to 5 months in prison. Previously, a Commission proceeding had been instituted involving the same individual, in docket No. MC-C-6172, Joseph Lieberman, doing business as M. Lieberman & Sons—Investigation and Revocation of Certificate, for numerous violations including many of the household goods regulations which are designed to protect the public.

## UNAUTHORIZED OPERATIONS

### *Auto Driveaway*

Significant headway was made during the year on the problems arising from the transportation of automobiles under their own power with drivers furnished by driveaway companies purporting to be mere

employment services. Many court injunctions were obtained against the most serious violators, making them subject to contempt actions for continued operations. As an example, a criminal contempt proceeding in Phoenix, Ariz., included evidence that the defendant had continued to operate without the slightest deterrence following an injunction. The defendant, Richard L. Alford, was sentenced to serve 40 days in jail.

In a civil injunctive proceeding against William T. Zeigler, doing business as Zeigler's Drive-A-Way Service, at Jacksonville, Fla., the defendant was charged with, and enjoined from, transporting motor vehicles without authority in interstate commerce by use of the drive-away method. Specifically, Zeigler had been transporting trucks from Griffin, Ga., to various points in Florida for the account of Southern Bell Telephone Co.

A consent decree was entered against Insured Transporters, Inc., and Keal Driveaway Co., two authorized driveaway operators, enjoining them from conducting interchange operations without executing the appropriate inspection receipts. These two carriers had been operating nationwide without observing the necessary gateway, a situation caused by the use of casual drivers. The carriers were unable to exercise sufficient control to assure that the drivers observed the gateway. The injunction requiring proper inspection procedures should have the effect of terminating unauthorized operations by the carriers. The application of the lease and interchange inspection requirements to private automobiles in driveaway operations is believed to be a somewhat unusual, but successful, approach to this problem.

#### *Gray Area*

A second decision by a three-judge court was rendered in *Shelby Biscuit Company v. United States*, 297 F. Supp. 1276, upholding the Commission determination that Shelby Biscuit Co. was engaged in the for-hire truck transportation of sugar without appropriate authority. This second review followed a prior remand of the proceeding for a reevaluation of the status of Shelby in the light of *Red Ball Motor Freight, Inc. v. Shannon*, 377 U.S. 311. In this latest round, Shelby complained that the ultimate conclusion by the Commission that Shelby was either a common carrier or a contract carrier was too indefinite. The court, however, held that the material issue of law presented was whether the challenged transportation was private or for-hire motor carriage and that the Commission's order, therefore, was not invalid.

In Commission proceedings we have issued cease and desist orders against unauthorized operations conducted under the guise of leasing arrangements. While the Fleet Management Co., a holding corporation



respondent in one such case, did not hold any certificates of public convenience and necessity, it had been previously subjected to the pertinent carrier provisions in No. MC-F-9088, *Fleet Transport Company, Inc.—Control and Merger—Gasoline Transport, Inc.* Fleet management was found to be leasing equipment to a shipper which was purportedly a private carrier. The order required it to terminate such activities found to be in violation of the lease and interchange regulations (49 CFR 1057.6).

#### General

The District Court for the Northern District of Illinois entered its opinion and verdict in *U.S. v. Indiana Trucking and J. B. Frostick*. A 12-count criminal information charged defendants with "knowingly and willfully fraudulently seeking to evade and defeat regulation" by use of false freight bills misstating the origin point of a series of shipments transported from Chicago, Ill., to Butler, Ind., beyond the authority of Indiana Trucking, a contract carrier holding limited rights from the Commission. The court found defendants guilty as charged, and both Indiana Trucking, Inc., and Frostick, an individual, were fined.

In the U.S. District Court for the Eastern District of Michigan, Petro Products, Inc., was fined \$1,500 following its plea of guilty to unauthorized operations as an aider and abettor. Petro was charged with causing various individual owner-operators to perform transportation of fuel oil in interstate commerce without holding appropriate authority.

In *I.C.C. v. Hamilton Rentals, Inc., et al.*, in New Jersey a permanent injunction was entered against Gilbert Plastics, Inc., a plastics manufacturer, and three of its officials, restraining them from using any motor carrier which does not possess appropriate operating authority issued by this Commission. The permanent injunction superseded a preliminary injunction previously obtained, after hearing, against the corporation alone. It also marked the successful conclusion of a case in which 17 motor carriers and their officials were also permanently enjoined. In a companion criminal proceeding against Gilbert Plastics, Inc., the court imposed a fine on the shipper for aiding and abetting the unauthorized operations. (See p. 94 of our 82nd Annual Report for an earlier discussion of this case.)

#### MOTOR CARRIER CREDIT EXTENSION

A permanent injunction was issued at Boston, Mass., enjoining Bourne's Trans., Inc., a common carrier, from extending credit to shippers beyond the time permitted by the Commission's credit regulations. The court employed the language of the regulations. Initially, the court was reluctant to issue the injunction in this language because

of possible difficulties in enforcing the injunction. Extending credit for a day more than the time set forth in the regulations, for example, would constitute an injunction violation. This troubled the court which wanted an order enforceable without hesitation. Ultimately, the court issued the order in the statutory language rather than officially sanctioning the carrier's deviating from the regulations even for one day. However, in case of a contempt action, it will be the court's responsibility to decide whether the carrier is not reasonably operating within the dictates of the court and what punishment is warranted.

Also at Boston, Hemingway Transport, Inc., pleaded *nolo contendere* to a criminal information charging it with violating the credit regulations, and was fined \$1,000. Previously, it had moved to dismiss the information on the grounds that the credit regulations were not enforceable by way of criminal prosecution. That motion was denied. This decision improves the posture of future cases where the credit regulations and their enforcement are the subject of attack by defendants.

In a criminal case against Eastern Motor Lines, Inc., at Raleigh, N.C., which also involved violations of the Commission's credit regulations, the court overruled the defendant's motion to dismiss. In its brief the defendant had relied primarily upon the decision in *U.S. v. General Expressways, Inc.*, 270 F. Supp. 115 (see p. 97 of our 82nd Annual Report), which was adverse to the Government. Following the adverse action on its dismissal motion, Eastern Motor Lines entered an plea of *nolo contendere* and was fined.

The favorable injunctive disposition of the Bourne's Trans., Inc., case, with the favorable criminal case results in the Hemingway and Eastern Motor Lines cases, should be helpful in overcoming the unfavorable credit regulation trends felt by the Bureau of Enforcement since the refusal of the Justice Department to appeal the *General Expressways* case.

## ADMINISTRATION

### CASELOAD AND EXPEDITING OF CASES

There was a continued reduction in the number of pending cases during the year, although the rate of reduction has started to level off from the highs of the 2 previous years. At the start of the year there were 5,264 cases on hand. At the end of the year this figure was 4,962, a reduction of approximately 6 percent. Significantly, the end of the year pending figure (4,962 cases) represents a reduction of 3,609 cases or 42 percent from the high of 8,571 cases pending in May 1966. These reductions were made without any staff increase and represent the fruition of the various procedural and organizational changes previously reported. The benefits of these changes, however, have been fully exploited and further dramatic reductions in the workload cannot be anticipated. The large merger cases, general rate increase cases, and the passenger train discontinuance cases before us require large expenditures of manpower to resolve the complex issues presented.

### MANAGEMENT

#### *Automatic Data Processing*

The year saw the complete conversion of our automatic data processing operations to the third generation computer we obtained in fiscal year 1968. Approximately 400 programs were revised or rewritten to utilize the additional power of the new computer. All programs were rewritten or converted to higher level programming languages, such as COBOL and FORTRAN, which have a universal application on most computers. The use of these higher level languages should produce dramatic manpower savings when a subsequent change in computer hardware is made, since the need for complete reprogramming will be eliminated.

A program for the direct reporting of rail and motor freight commodity statistics on magnetic tape or punch cards was made available to the industry. Studies are being initiated in other areas with a view to expanding the reporting of statistical and financial data on magnetic tape or cards.

Computer procedures for processing carrier reports were substantially completed during the year and the hand tabulation of data was virtually eliminated. Feasibility studies are now under way to com-



puterize the Commission's mailing operation and the various control files maintained manually.

### *Paperwork Reduction*

A revision in the revenue limits of common and contract motor carriers of passengers resulted in savings to carriers and a savings of an estimated 400 man-hours of Commission employee time.

The Bureau of Operations saved in excess of \$4,500 by (1) eliminating 250,000 sheets of paper in consolidating internal assignment and reporting forms, and (2) consolidating publications and files.

The records of the General Counsel were covered by new disposal schedules and existing authority for disposal was modified so that nearly all records of the Commission are now under specific authority for retention or disposal. Such authority has been substantially updated to afford greater utility and to reflect organizational and functional changes. Nine hundred and two cubic feet of records were transferred to the Federal Records Center, freeing some 90 file cabinets with a replacement value of \$5,580 and approximately 450 square feet of space, the latter equivalent to an annual rental of \$2,363. During the year, an estimated additional 1,170 cubic feet of records were disposed of throughout the Commission with comparable savings of \$9,617, plus salvage value of the paper.

### *Cost Reduction*

Savings through cost reduction in 1969 amounted to \$1,184,000. The largest portion of this amount came from congressional and executive budgetary restrictions, requiring the elimination of 74 positions, and the delay in filling vacancies saved the equivalent of 32 man-years. Other savings included \$27,000 through the team processing of certain operating authority cases, \$10,300 through revisions in procedures, and \$6,800 through automation. These latter savings were applied to processing train discontinuances, mergers, rate increases, and increased workload.

From the excess property of other Government agencies, the Commission acquired furniture and equipment that would otherwise have cost \$19,393. Two hundred and ten square feet of space in the Commission's Washington building having an annual rental value of \$1,103 was released for other use, and more intensive use was made of the remaining space through transfer of certain storage to outside warehouse space.

To meet rising costs of telephone service resulting from easier outside dialing and increased charges, the Commission restricted additional telephones. Automatic answering devices were installed in three more field offices occupied by one man or staffed by a single clerk.

*Manpower Development*

An improved promotion program, developed for competitive positions in the Commission, was placed in effect July 1, 1969. New techniques for locating qualified candidates for promotion were devised and new appraisal systems were developed.

New recruiting brochures were designed for accountants and auditors, attorneys, transportation specialists, and general occupational areas of interest. In cooperation with 17 other small Federal agencies, the Commission developed and issued a joint brochure for college recruitment in the broad areas of manpower needs.

Continued training to improve manpower proficiencies included a 60-hour course for 27 new attorney appointees in the fields of finance, rates, and operating rights.

*Program Evaluation*

In 1964, the Commission instituted a field program evaluation system. At the beginning of fiscal year 1968 the system was expanded to cover the headquarters program of the Commission's regulatory bureaus and the Office of the Secretary.

The headquarters and field program evaluation system provides the means by which major program objectives are identified and defined. Actual production is then measured and evaluated in relation to the established objectives. Additionally, the system monitors the performance of each major program in order to identify problem areas, such as duplication of effort, decreases in productivity, and serious backlogs of work.

Largely in recognition of this system of defining objectives, measuring accomplishments against those goals, and allocating manpower and resources, the Commission was excluded from the much more detailed planning-programing-budgeting system that was introduced on a Government-wide basis in 1965 to improve the process by which Federal programs are planned and the budget prepared.

*Printing Plant*

Installation of more efficient equipment at the beginning of the year enabled the printing plant to attain better production and quality in the reproduction of pamphlet reports of Commission decisions. The procedure for printing Commission decisions in pamphlet form as advance sheets to the bound volumes of ICC decisions was started in 1963, following a paperwork management study. The project, with an anticipated workload of 8,000 pages per year, was commenced with an initial investment for composing and printing plant equipment amounting to \$29,665. Subsequently we invested in additional equipment to improve the quality and time required to produce the work. Our total equipment investment now amounts to about \$140,000.

Taking into account the increases in GPO printing costs between 1963 and the present, and the additional work accomplished in-house, the Commission now realizes savings close to \$200,000 per year from this system. Its bound volumes of decisions cost about \$3,500 to print whereas other agencies report they are paying about \$25,000 per volume for printed decisions.

### *Field Activities*

The Commission currently maintains 82 field offices located in 48 States and the District of Columbia.

Efforts continued during the year to reprogram and adjust our field procedures and operations to meet the impact of recent budgetary restrictions and the transfer of staff and functions to the Department of Transportation (DOT) 2 years ago. In this connection, we accelerated our efforts to make the most effective use of field resources. This included the expanded cross-use of technical staff to the extent possible; the use of team efforts in the more complex field investigations; additional training programs and regional staff conferences to broaden the skills and knowledge of staff members with respect to field programs; and the increased participation in Federal-State cooperative agreements and joint operations authorized thereunder.

The following table is indicative of some of the principal work items handled by our field staff.

### *Bureau of Operations—field program*

Railroads, motor carriers, water carriers and freight forwarders, and rate bureaus	Fiscal years	
	1968	1969
<i>Motor-Water-Forwarder</i>		
Enforcement:		
Complaints of violations received.....	4,239	3,202
Complaints investigated and action taken.....	3,894	3,138
Investigations with court action expected.....	890	877
Other complaints received and handled (service, household goods, etc.).....	13,692	15,095
Motor carrier general compliance surveys.....	2,769	1,961
Other enforcement matters.....	11,460	14,707
Operating authority:		
Permanent authority applications.....	4,406	4,767
Temporary operating authority.....	6,309	6,682
Certificates of registration.....	33	60
Transfer proceedings sec. 212(b).....	952	913
Temporary authority with acquisition.....	232	250
Rate bureau agreements.....	5	17
Revocations and dismissals.....	382	272
Other operating authority matters.....	19,929	21,932
Rates and tariffs:		
Motor rate compliance surveys.....	887	949
Assistant in tariff and rate publication.....	1,225	1,189
Tariff and rate interpretations.....	2,989	3,113
Insurance:		
Insurance compliance delinquencies.....	3,503	3,658
Other insurance matters (lapses, filings, requirements, etc.).....	4,467	4,312
Accounts:		
Accounting report delinquencies.....	2,727	1,739
Other accounting matters.....	2,201	1,823
<i>Railroads</i>		
Car service:		
Agencies and yards checked for general compliance.....	7,680	6,092
Seasonal commodity surveys and expediting checks.....	573	714
Enforcement:		
Special investigations on complaints and service.....	4,002	5,008
Enforcement investigations and compliance surveys.....	677	622



The following table shows the progress achieved in recruiting executive reservists throughout the country in the Commission's national defense unit over the past 3 years:

*ICC unit of the National Defense Executive Reserve—status of membership and recruitment at close of fiscal year*

NDER group	Fiscal year 1967			Fiscal year 1968			Fiscal year 1969		
	On rolls	Additional nominees	Total	On rolls	Additional nominees	Total	On rolls	Additional nominees	Total
Rail.....	549	148	697	611	208	819	619	252	871
Motor.....	208	8	216	191	7	198	185	27	212
Water.....	43	9	52	42	20	62	49	14	63
Other.....	15	4	19	18	1	19	18	0	18

### *Organizational Changes*

No major organizational restructuring was undertaken during the year. The Commission did, however, complete the implementation of a reorganization plan approved for the Office of Proceedings in 1967. The final step in this plan was to combine the functions of the former Temporary Authorities and Transfer Boards into a single new Motor Carrier Board. This action reduced the number of board members from six to five and made possible more efficient and flexible use of both technical and clerical manpower assigned to such operations.

### *User Charges*

A July 1968 Report of the Senate Committee on Appropriations expressed concern that the Federal Government is not receiving sufficient returns for the services it renders. The report suggested that agencies review their schedules of fees and charges with a view to making increases or adjustments to offset the increasing needs for direct appropriations for agency operating costs. Such a review has been conducted and under a rulemaking proceeding in Ex Parte No. 246, *Regulations Governing Fees for Services Performed in Connection with Licensing and Related Activities*, the Commission has proposed increases in its filing-fee system.

The proceeding, conducted under the authority of the Independent Offices Appropriation Act of 1952, will consider whether the Commission's proposed schedule is reasonable and, if not, what fees would be reasonable. Also to be considered will be what other basis for assessing fees, other than the cost to the Commission, might be more equitable to the general public and to the recipient of the service.

The increases proposed by the Commission are designed to offset and recoup at least part of the administrative costs in processing petitions and applications before the Commission. The proposed fees represent approximately one-half of the average direct costs incurred by

the Commission and would range from \$5 to renew an authorization for highway transportation of explosives to a maximum of \$8,700 for annual valuation of a large pipeline case. The proposed fee schedule would produce revenue of approximately \$3.5 million, representing an increase of approximately \$2.2 million over revenue collected under the present fee schedule.

## LEGISLATIVE ACTIVITIES

Supplemental to this chapter is appendix D, which indicates the progress of legislation recommended by this Commission. Possible additional legislative recommendations will be transmitted to Congress in a separate report.

The Commission appeared before the first session of the 91st Congress in its consideration of transportation legislation and other legislation relative to interstate commerce as follows:

### COMMISSION BUDGET

The President's budget included \$25,508,000 for the Commission for fiscal year 1970, which provided for the same number of positions as were funded during fiscal year 1969.

On September 8, 1969, the Commission appeared before the Subcommittee on Transportation of the House Committee on Appropriations and on October 2, 1969, the Commission appeared before the Subcommittee on Transportation of the Senate Committee on Appropriations on its 1970 budget.

### OVERSIGHT HEARINGS

On June 24 and 25, 1969, the entire Commission appeared before the Senate Subcommittee on Surface Transportation of the Committee on Commerce on "the basic policy posture" of the Commission. The Commission reported on its general condition and the conduct of its affairs, discussing new concepts and approaches to transportation problems. Specific problem areas covered included intermodal transportation, railroad passenger service, general railroad rate increases, deregulation, freight car shortages, household goods carriers, small shipments, and carrier mergers and diversifications. The Commission testified that it is carrying out the purposes delegated to it by Congress, but that with increased staff and monetary appropriations, it could more properly fulfill its prescribed functions.

### WATER CARRIER MIXING RULE

On May 20, 1969, the Chairman appeared before the House Subcommittee on Transportation and Aeronautics of the Committee on Interstate and Foreign Commerce on H.R. 8298, H.R. 8376, and H.R. 8509. These proposals would amend section 303(b) of the Interstate Commerce Act by striking from the second sentence thereof, the paren-



thetical expression "(in accordance with the existing custom of the trade in the handling and transportation of such commodities as of June 1, 1939)" and by striking the third sentence entirely. Enactment of this bill would (1) broaden the exemption to include the transportation of all bulk commodities (except in intercoastal commerce), irrespective of whether they were so handled in 1939; (2) overturn the Commission's determination that the mixing of exempt and nonexempt commodities subjects the entire movement to regulation; and (3) eliminate the present standard that two or more vessels operated as a single unit shall be considered as a single vessel. These are essentially the same bills which were introduced in the 90th Congress as S. 1314, H.R. 7610, and 11 other identical bills.

The Commission observed that while it continued to believe that repeal of this exemption is desirable, it proposed as an alternative an amendment the effect of which would be to overturn its decision in *Mississippi Valley Barge Co., Exemption*, 303(b), 311 I.C.C. 105, sustained *Gulf Canal Lines, Inc. v. United States*, 258 F. Supp. 864 (1966), affirmed per curiam, 386 U.S. 348 (1967), by permitting the transportation of bulk commodities in mixed tows with regulated commodities. Such an amendment would alleviate any adverse effects between competing water carriers, but would not increase any existing inequalities between competing modes.

### REORGANIZATION

On August 5, 1969, the Commission testified before the House Subcommittee on Executive and Legislative Reorganization of the Committee on Government Operations, and on September 26, 1969, it appeared before the Subcommittee on Executive Reorganization of the Senate Committee on Government Operations on the President's Reorganization Plan No. 1 proposed for the Interstate Commerce Commission. In brief statements the Commission stated that it agreed with the President's analysis of a need for a permanent Chairman and, therefore, supported the proposal. It became effective October 11, 1969.

### FREIGHT CAR SHORTAGES

On May 13, 1969, the Commission testified before the Senate Committee on Commerce on freight car shortages. The purpose of the hearing was to present views on the adequacy of the Nation's railroad fleet. The Commission testified as to why Public Law 89-430 had not been implemented and as to the status of Ex Parte No. 252. The Commission also presented certain car supply data collected from the railroads as part of its effort in Ex Parte No. 252. The Commission stated that taken together, the requirements for a hearing, the need to ascertain the level of ownership and the extent of shortages for particular types and

classes of cars, whether due to poor car utilization practices or an inadequate total supply, involve many time-consuming steps and the necessity for the reporting and analysis of a large volume of complex data in an area not previously within its experience.

The information submitted in the staff study indicated that much of the difficulty in providing adequate car service to shippers may not be in the number of boxcars but rather in their poor utilization. Stating that the results of the study must be analyzed and reconciled, the Commission indicated that the Department of Transportation was also studying the problem.

In the meantime, the Commission indicated that it will continue to use car distribution directions and car service orders to obtain an equitable distribution of the boxcar fleet. To alleviate the problem while the Commission is completing Ex Parte No. 252, the Commission urged cooperation by the carriers, shippers, and Federal Government.

In a supplemental report to the Senate Committee on Commerce, the Commission made suggestions which would enlarge and improve utilization of its staff and strengthen the law. The legislation would clarify our emergency power to act in anticipation of car service problems and provide for penalty per diem.

#### TAX REFORM HEARINGS

On March 25, 1969, the Commission appeared before the House Committee on Ways and Means to testify on Agenda Item XVII and H.R. 6659. The testimony was directed at the treatment by regulatory agencies of accelerated depreciation, deferred tax accounting in determining the costs of regulated companies for ratemaking purposes, and the effect which the provisions of H.R. 6659 would have on the Commission's treatment of these matters for regulatory purposes.

In its role as an economic regulator of the Nation's surface transportation system, the Commission has required all carriers subject to its jurisdiction to use the straight-line method of depreciation for accounting and financial reporting purposes. Use of accelerated depreciation for tax purposes gives rise to what is commonly referred to as deferred tax liability.

The Commission and many other regulatory agencies do not allow such accounting. The requirement is that the actual amount of tax expense be reflected with no provision being made for deferred taxes unless and until a tax liability materializes in the future.

As to H.R. 6659, it would have the effect of prohibiting the Commission from: (1) specifying the method of depreciation to be used by the regulated company in determining the amount of Federal income tax for purposes of regulatory accounting and reporting; (2) computing income tax expense for accounting, financial reporting



and rate purposes different from that used by the taxpayer in determining its income taxes; and (3) disallowing, for accounting, financial reporting, and ratemaking purposes, deferred tax accounting. The Commission did not favor enactment of these proposals.

### RAIL PASSENGER SERVICE

On September 23, 1969, the Commission appeared before the Subcommittee on Surface Transportation of the Senate Committee on Commerce on S. 2750, S. 2865, S. 2887, S. 674, S. Con. Res. 32, S.J. Res. 120, and S.J. Res. 129. S. 2887 implements one of the Commission's legislative recommendations. It would amend section 13a of the Interstate Commerce Act and is identical to S. 3861 and H.R. 18212, introduced in the 90th Congress at the Commission's request. For a full discussion of S. 3861 and H.R. 18212, see page 109 of the Commission's 82nd Annual Report. The Commission urged immediate enactment of S. 2887.

The Commission did not object to S. Con. Res. 32 and S. J. Res. 120 to the extent that they proposed a study of intercity rail passenger service, but, as in the past, it opposed the provisions calling for a moratorium on either discontinuances or mergers during the period of study. The Commission, while approving the study recommended in S. J. Res. 129, opposed establishment of an Advisory Committee on Federal Railroad Service to conduct it. The Commission advocates that the study be conducted by an existing governmental body such as the Department of Transportation because it feels that a study conducted by the Department will produce the most meaningful data in the most economical manner. Additionally, the Department would have the continuity necessary for any future supervision of any recommendations it would make.

Enactment of S. 674 is unnecessary because the Commission now accords recognition to the public assistance available to the carrier proposing the discontinuance, including that provided under the Urban Mass Transportation Act before permitting a train discontinuance or change.

S. 2865 would provide for an application approach to proposed discontinuances, and would require the carrier to show that the public convenience and necessity permit the discontinuance, and that continued operation would impose a burden on interstate commerce. The Commission did not favor enactment of this approach in its present form.

S. 2750 would amend section 13a of the act to authorize Federal financial assistance to the railroads for needed rail passenger service. Disbursement of financial aid would be handled by the Department of Transportation. S. 2750 is important in indicating a new means of



aiding the carriers in meeting the rail passenger problem, but the Commission feels that it is premature to embark on such a program without knowing the full cost entailed that can only be shown by the study recommended by the Commission in S. 2887. The overall objectives of this bill would be better achieved as part of restructuring of the Nation's rail service, rather than as an amendment to section 13a of the act.



## APPENDIX A

### COMMISSION ORGANIZATION

There are four principal offices and five bureaus of the Commission, the heads of which report to the Chairman via the channels indicated on the organizational chart.

#### *Staff Officials*

Office of the Chairman:	
Congressional Liaison Officer.....	Robert L. Oswald
Legislative Counsel.....	Thomas C. Dorsey
Public Information Officer.....	Warner L. Baylor
Office of the Managing Director:	
Managing Director.....	
Assistant Managing Director.....	Martin E. Foley
Special Assistant for Field Operations.....	James L. Barbour
Director of Personnel.....	Curtis F. Adams
Office of the Secretary:	
Secretary.....	H. Neil Garson
Assistant Secretary.....	Andrew Anthony, Jr.
Office of the General Counsel:	
General Counsel.....	Robert W. Ginnane
Deputy General Counsel.....	Fritz R. Kahn
Office of Proceedings:	
Director.....	Bertram E. Stillwell
Associate Director.....	
Deputy Director, Policy Review Committee.....	Thaddeus W. Forbes
Deputy Director, Section of Opinions.....	Sheldon Silverman
Chief Hearing Examiner.....	James C. Cheseldine
Bureau of Accounts:	
Director.....	Matthew Paolo
Assistant Director.....	Howard L. Domingus
Bureau of Economics:	
Director.....	Edward Margolin
Assistant Director.....	Robert G. Rhodes
Bureau of Enforcement:	
Director.....	Bernard A. Gould
Assistant Director.....	John H. O'Brien
Assistant Director.....	Marcus L. Meyer
Bureau of Operations:	
Director.....	Robert D. Pfahler
Assistant Director.....	N. Thomas Harris
Bureau of Traffic:	
Director.....	Edward H. Cox
Assistant Director.....	Robert Newel



*Directory of Interstate Commerce Commission Field Offices*

<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
1	Regional headquarters-----	Robert L. Abare, Regional Manager, Room 2211-B, John F. Kennedy Federal Bldg., Government Center, Boston, Mass. 02203.
	Connecticut-----	324 Post Office Bldg., 135 High St., Hartford, Conn. 06101.
	Maine-----	305 Post Office and Courthouse, 76 Pearl St., Portland, Maine 04112. Mail address: Post Office Box 167, P.S.S.
	Massachusetts-----	John F. Kennedy Federal Bldg., Room 2211-B, Government Center, Boston, Mass. 02203.
		338-342 Federal Bldg., 436 Dwight St., Springfield, Mass. 01103.
	New Hampshire-----	424 Federal Bldg., 55 Pleasant St., Concord, N.H. 03301.
	New Jersey-----	902 Federal Office Bldg., 970 Broad St., Newark, N.J. 07102.
		410 Post Office Bldg., 402 East State St., Trenton, N.J. 08608.
	New York-----	518 New Federal Bldg., Maiden Lane and Broadway, Albany, N.Y. 12207.
		518 Federal Office Bldg., 121 Ellicott St., Buffalo, N.Y. 14203.
2		Room 1807, 26 Federal Plaza, New York, N.Y. 10007.
		104 O'Donnell Bldg., 301 Erie Blvd., West, Syracuse, N.Y. 13202.
	Rhode Island-----	Room 508, 187 Westminster St., Providence, R.I. 02903.
	Vermont-----	Room 5, 52 State St., Montpelier, Vt. 05602.
	2 Regional headquarters-----	Fred E. Cochran, Regional Manager, 900 U.S. Custom House, 2d and Chestnut Sts., Philadelphia, Pa. 19106.
	Delaware-----	See nearest ICC Field Office in New Jersey, Maryland, or Pennsylvania.
	District of Columbia--	12th and Constitution Ave., N.W., Washington, D.C. 20423.
	Maryland-----	1125 Federal Bldg., Charles Center, 31 Hopkins Plaza, Baltimore, Md. 21201.
		206 Old Post Office Bldg., 129 East Main St., Salisbury, Md. 21801.
	Ohio-----	1010 Federal Bldg., 550 Main St., Cincinnati, Ohio 45202.
		181 Federal Office Bldg., 1240 East 9th St., Cleveland, Ohio 44199.
		255 Federal Bldg. and U.S. Courthouse, 85 Marconi Blvd., Columbus, Ohio 43215.
		5234 Federal Office Bldg., 234 Summit St., Toledo, Ohio 43604.

*Directory of Interstate Commerce Commission Field Offices—Continued*

<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
2	Pennsylvania-----	508 Federal Bldg., 228 Walnut St., Harrisburg, Pa. 17108. Mail address: Post Office Box 869. 900 U.S. Custom House, 2d and Chestnut Sts., Philadelphia, Pa. 19106. 2109 Federal Bldg., 1000 Liberty Ave., Pittsburgh, Pa. 15222. 309 Post Office Bldg., North Washington Ave. and Linden St., Scranton, Pa. 18503.
	Virginia-----	10-502 Federal Bldg., 400 North 8th St., Richmond, Va. 23240. 5104 F. B. Thomas Bldg., 215 Campbell Ave., S.W., Roanoke, Va. 24011.
	West Virginia-----	3202 Federal Office Bldg., 500 Quarrier St., Charleston, W. Va. 25301. 531 Hawley Bldg., 1025 Main St., Wheeling, W. Va. 26003.
	3 Regional headquarters----	James B. Weber, Regional Manager, Room 300, 1252 West Peachtree St., N.W., Atlanta, Ga. 30309.
	Alabama-----	Room 814, 2121 Bldg., 2121 8th Ave. North, Birmingham, Ala. 35203.
	Florida-----	288 Federal Office Bldg., 400 West Bay St., Jacksonville, Fla. 32202. Mail address: Post Office Box 35008. 51 S.W. 1st Ave., Room 1226, Miami, Fla. 33130.
	Georgia-----	Room 300, 1252 West Peachtree St., N.W., Atlanta, Ga. 30309.
	Kentucky-----	Room 222, Bakhaus Bldg., 1500 West Main St., Lexington, Ky. 40505. 426 Post Office Bldg., 601 West Broadway, Louisville, Ky. 40202.
	Mississippi-----	Room 212, 145 East Amite St., Jackson, Miss. 39201.
	North Carolina-----	Suite 417, BSR Bldg., 316 East Morehead St., Charlotte, N.C. 28202. 401 Oberlin Rd., Cameron Village, Raleigh, N.C. 27605. Mail address: Post Office Box 10885.
	South Carolina-----	601A Federal Office Bldg., 901 Sumter St., Columbia, S.C. 29201.
	Tennessee-----	390 Federal Office Bldg., 167 North Main St., Memphis, Tenn. 38103. Suite 803, 1808 West End Bldg., Nashville, Tenn. 37203.
	4 Regional headquarters----	Charles W. Haas, Regional Manager, 1086 U.S. Courthouse and Federal Office Bldg., 219 South Dearborn St., Chicago, Ill. 60604.

*Directory of Interstate Commerce Commission Field Offices—Continued*

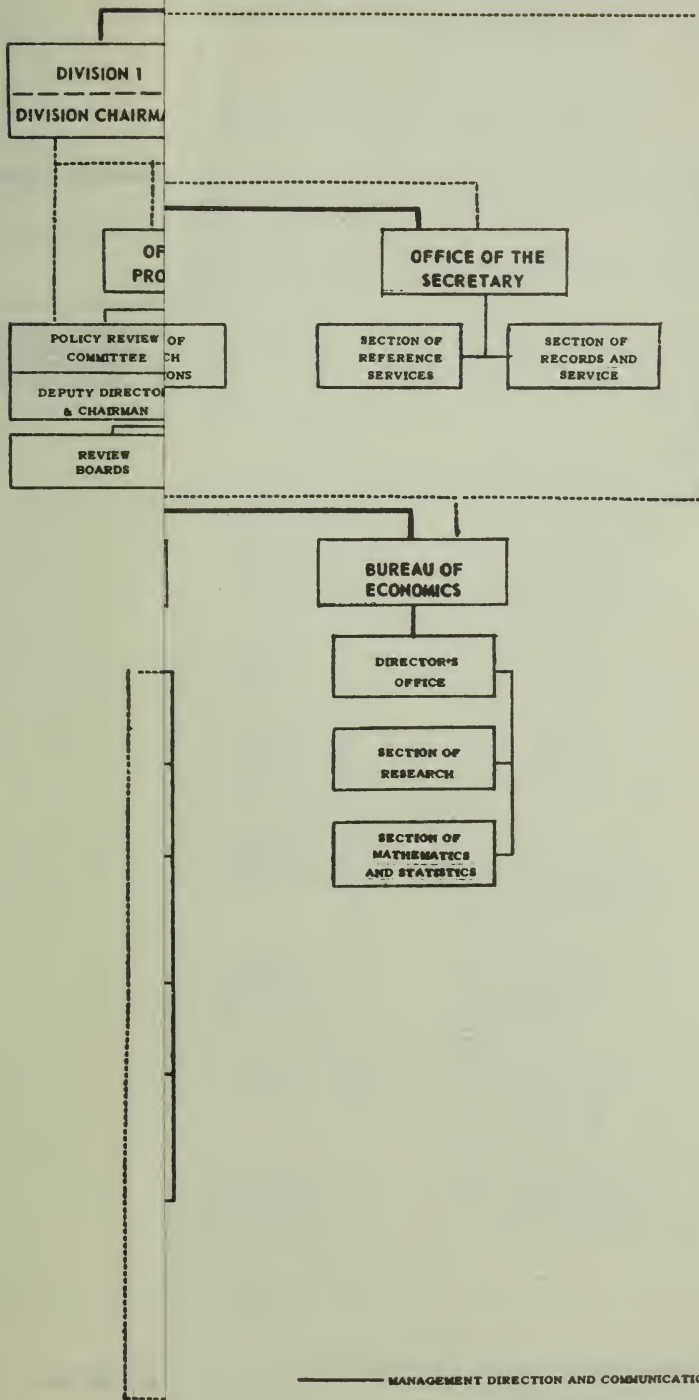
<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
4	Illinois-----	1086 U.S. Courthouse and Federal Office Bldg., 219 South Dearborn St., Chicago, Ill. 60604. 476 Land of Lincoln Bldg., 325 West Adams St., Springfield, Ill. 62704.
	Indiana-----	8th Floor, Century Bldg., 36 South Pennsylvania St., Indianapolis, Ind. 46204. Room 204, 345 West Wayne St., Fort Wayne, Ind. 46802.
	Michigan-----	Room 1110, David Broderick Tower Bldg., 10 Witherill St., Detroit, Mich. 48226. 225 Federal Bldg., 325 West Allegan St., Landsing, Mich. 48933.
	Minnesota-----	448 Federal Bldg. and U.S. Courthouse, 110 South 4th St., Minneapolis, Minn. 55401.
	North Dakota-----	Room 268, Federal Bldg. and Post Office, 657 Second Ave. North, Fargo, N. Dak. 58102.
	South Dakota-----	Room 369, Federal Bldg., Pierre, S. Dak. 57501.
	Wisconsin-----	Room 11, 444 West Main St., Madison, Wis. 53703. Room 807, 135 West Wells St., Milwaukee, Wis. 53202.
	5 Regional headquarters----	Bernard H. English, Regional Manager, Room 9A27, Fritz Garland Lanham Federal Bldg., 819 Taylor St., Fort Worth, Tex. 76102.
	Arkansas-----	2519 Federal Office Bldg., Little Rock, Ark. 72201.
	Iowa-----	332 Federal Bldg., 4th and Perry Sts., Davenport, Iowa 52801. 677 Federal Bldg., 210 Walnut St., Des Moines, Iowa 50309. 304 Post Office Bldg., Sioux City, Iowa 51101.
	Kansas-----	234 Federal Bldg., Topeka, Kans. 66603. 906 Schweiter Bldg., 106 North Main St., Wichita, Kans. 67202.
	Louisiana-----	Room T-4009 Federal Bldg. and Post Office, 701 Loyola Ave., New Orleans, La. 70113.
	Missouri-----	1100 Federal Office Bldg., 911 Walnut St., Kansas City, Mo. 64106. 3248 Federal Bldg., 1520 Market St., St. Louis, Mo. 63103.
	Nebraska-----	315 Post Office and U.S. Courthouse, 129 North 10th St., Lincoln, Nebr. 68508. 705 Federal Office Bldg., 106 South 15th St., Omaha, Nebr. 68102.



*Directory of Interstate Commerce Commission Field Offices—Continued*

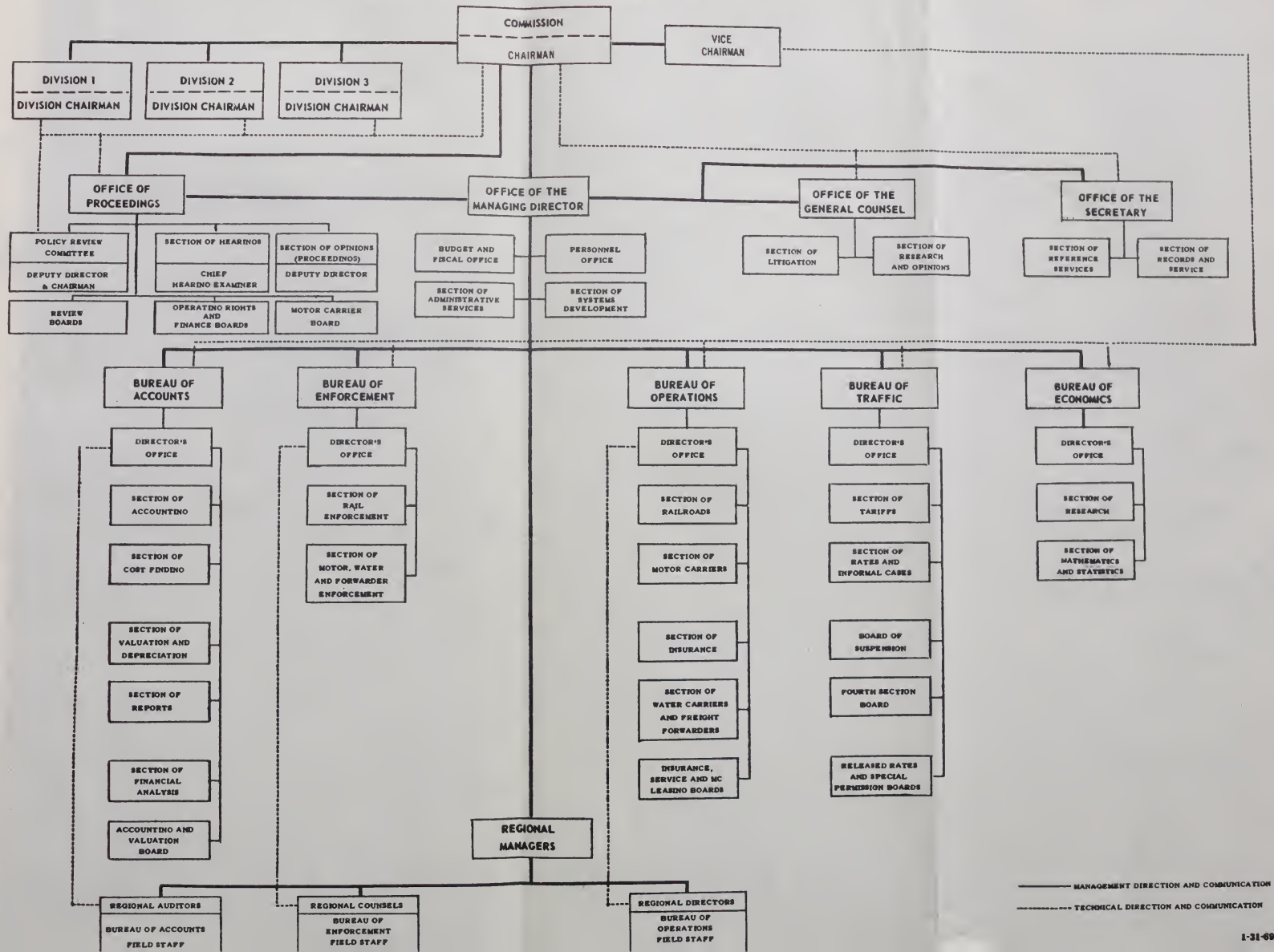
<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
5	Oklahoma-----	240 Old Post Office and Courthouse Bldg., 215 Northwest 3d St., Oklahoma City, Okla. 73102.
	Texas-----	Miller Bldg., 918 Tyler St., Amarillo, Tex. 79101. 513 Thomas Bldg., 1314 Wood St., Dallas, Tex. 75202. Room 9A27 Fritz Garland Lanham Fed- eral Bldg., 819 Taylor St., Forth Worth, Tex. 76102. 8610 Federal Bldg. and U.S. Courthouse, 515 Rusk Ave., Houston, Tex. 77002. 206 Manion Bldg., 301 Broadway, San Antonio, Tex. 78205.
	6 Regional headquarters----	Ernest D. Murphy, Regional Manager, 13001 Federal Office Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102. Mail address: Post Office Box 36004.
	Alaska-----	51-52 Federal Bldg., Anchorage, Alaska 99501. Mail address: Post Office Box 1532.
	Arizona-----	3427 Federal Bldg., 230 North 1st Ave., Phoenix, Ariz. 85025.
	California-----	7708 Federal Bldg. 300 North Los Angeles St., Los Angeles, Calif. 90012. 13001 Federal Office Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102. Mail address: Post Office Box 1532.
	Colorado-----	2022 Federal Office Bldg., 1961 Stout St., Denver, Colo. 80202.
	Idaho-----	455 Federal Bldg., and U.S. Courthouse, 550 West Fort St., Boise, Idaho 83702.
	Montana-----	251 Post Office Bldg., Billings, Mont. 59101.
	Nevada-----	Room 24, 222 East Washington St., Carson City, Nev. 89701.
	New Mexico-----	Room 10515, U.S. Courthouse and Post Office Bldg., 500 Gold Ave., S.W., Albu- querque, N. Mex. 87101.
	Oregon-----	Room 450, Multnomah Bldg., 120 S.W. 4th St., Portland, Ore. 97204.
	Utah-----	6201 Federal Bldg., 125 South State St., Salt Lake City, Utah 84111.
	Washington-----	6130 Arcade Bldg., 1319 2d Ave., Seattle, Wash. 98101. 401 Post Office Bldg., West 914 Riverside Ave., Spokane, Wash. 99201.
	Wyoming-----	304 Lierd Bldg., 259 South Center St., Casper, Wyo. 82601.







# INTERSTATE COMMERCE COMMISSION



## APPENDIX B

### COMMISSION WORKLOAD

TABLE 1.—*Proceedings cases opened and closed during fiscal year 1969 as compared to prior calendar and fiscal years*

	Calendar year				Fiscal year			
	1965	1966	1967	1968	1966	1967	1968	1969
Pending beginning of year.....	5,981	6,844	6,773	5,390	5,993	8,050	6,108	5,264
Openings during year.....	10,493	10,156	7,384	7,436	11,572	7,677	7,465	7,508
Closings during year.....	9,630	10,227	8,767	8,122	9,515	9,619	8,309	7,810
Pending end of year.....	6,844	6,773	5,390	4,704	8,050	6,108	5,264	4,962

TABLE 2.—*Distribution by method of disposition of proceedings cases closed during fiscal year 1969 compared to fiscal years 1967 and 1968 and average time in months from date of filing to closing*

	Dismissed or discontinued				Decided by effective recommended report and order							
	Fiscal year 1967		Fiscal year 1968		Fiscal year 1969		Fiscal year 1967		Fiscal year 1968		Fiscal year 1969	
	Cases	Months	Cases	Months	Cases	Months	Cases	Months	Cases	Months	Cases	Months
Orally heard rail merger cases.	2	59.0										
Rail finance cases (other than orally heard rail merger cases).	34	6.5	42	3.4	36	7.3	25	11.4	23	9.6	17	14.2
Motor carrier finance cases.	33	7.0	26	11.6	48	8.6	34	11.1	28	11.5	20	12.9
Motor carrier operating authority cases.	1,647	7.4	523	10.2	434	6.9	1,305	12.2	1,063	11.1	631	10.1
Motor carrier complaint cases.	363	5.7	540	4.0	490	3.9	27	13.6	27	14.7	21	13.8
Water carrier cases.	7	11.1	3	3.3	1	5.0	1	23.0	2	19.5	2	16.0
Formal docket cases (rate complaints and investigations).	73	11.7	40	9.1	49	5.7	48	7.1	27	9.4	31	9.4
Investigation and suspension cases (motor).	920	1.3	805	1.5	808	1.5	1	7.0				
Investigation and suspension cases (rail).	53	1.7	45	2.2	41	1.7						
All other cases.	20	9.0	7	9.3	12	6.8	8	9.3	4	7.3	1	7.0
Total all types.	3,152	5.5	2,031	4.8	1,919	3.8	1,449	12.0	1,174	11.1	723	10.4



## COMMISSION WORKLOAD

121

	Decided by final report after service of initial report				Decided by final report without a previous initial report				Total cases		
	Fiscal year 1967		Fiscal year 1968		Fiscal year 1969		Fiscal year 1967		Fiscal year 1968		Fiscal year 1969
	Cases	Months	Cases	Months	Cases	Months	Cases	Months	Cases	Months	
Orally heard rail merger cases -	3	25.0	4	18.8	3	18.7			5	4	3
Rail finance cases (other than orally heard rail merger cases)-----	42	18.5	42	14.1	34	11.7			420	434	489
Motor carrier finance cases-----	84	16.8	90	19.6	82	16.7	327	2.6	335	368	391
Motor carrier operating authority cases-----	1,539	16.3	1,939	18.0	1,251	15.9	2,199	5.6	2,870	5,724	5,186
Motor carrier complaint cases-----	34	23.2	52	20.4	27	21.1	6	13.9	7	438	545
Water carrier cases-----	4	15.5	10	13.4	18	34.6	8	2.4	17	23	26
Formal docket cases (rate complaints and investigations)-----	37	20.1	75	19.3	67	17.8	1	14.1	187	143	150
Investigation and suspension cases (motor)-----	7	15.7	9	24.3			117	4.7	81	1,045	898
Investigation and suspension cases (rail)-----	5	21.8	9	23.0	10	8.5	5	7.7	6	65	57
All other cases-----	14	20.6	13	14.3	30	17.2	10	12.6	22	58	65
Total all types-----	1,769	16.6	2,243	18.1	1,522	16.2	3,249	6.1	2,861	5.1	3,646
									9,616	8,309	7,810

*Operating Rights*TABLE 3.—*Informal proceedings*

	1967	1968	1969
Applications for motor carrier temporary authority:			
Filed.....	5,520	6,195	6,404
Disposed of.....	5,507	6,205	6,374
Pending at end of year.....	32	22	52
Petitions in applications for motor carrier temporary authority:			
Filed.....	621	726	682
Disposed of.....	614	735	662
Pending at end of year.....	58	49	69
Applications to deviate from regular routes:			
Filed.....	401	420	355
Disposed of.....	410	398	393
Pending at end of year.....	51	73	35
Petitions in deviation filings:			
Filed.....	3	9	10
Disposed of.....	5	9	8
Pending at end of year.....	2	2	4
Proceedings to revoke operating rights without hearing:			
Instituted.....	605	960	597
Disposed of.....	620	819	763
Pending at end of year.....	132	273	107

TABLE 4.—*Tariffs and schedules, fiscal year 1969*

	Received	Criticized	Rejected
Freight:			
Common carrier, tariffs:			
Rail.....	57,859	2,585	164
Motor.....	181,829	16,483	2,931
Water.....	3,928	165	8
Pipeline.....	726	55	9
Freight forwarder.....	11,510	704	81
Total.....	255,852	19,992	3,193
Contract carrier, schedules:			
Motor.....	7,031	1,582	333
Water.....	9		
Total.....	7,040	1,582	333
Total freight.....	262,892	21,574	3,526
Passenger, tariffs:			
Common carriers:			
Rail.....	5,113	601	32
Motor.....	9,312	1,640	182
Water.....	19	0	0
Total.....	14,444	2,241	241
Contract carrier: Motor.....	6	4	0
Express, tariffs:			
Rail.....	202	56	1
Motor.....	122	22	0
Total.....	324	78	1
Total passenger and express.....	14,744	2,323	215
Grand total.....	277,636	23,897	3,741

NOTES: Also filed were 31,129 quotations or tenders submitted under section 22 of the act for Government transportation of property or persons at reduced rates.

Applications requesting permission to change rates on other tariff provisions on less-than-statutory notice, or to depart from the tariff publishing rules, numbered 6,401. A total of 2,823 copies of contracts and amendments to existing contracts between motor contract carriers and shippers were filed, while 20,775 contracts and amendments between freight forwarders and motor common carriers were filed pursuant to section 409 of the act.

TABLE 5.—*Fourth section board*

	Number	Petitions for modification of orders
<b>Applications:</b>		
On hand beginning of year .....	41	1
Received during year .....	311	8
Reopened during year .....	1	0
<b>Total</b> .....	<b>353</b>	<b>9</b>
<b>Disposed of during year:</b>		
Granted .....	295	7
Denied .....	4	1
Withdrawn .....	2	0
Dismissed .....	2	1
<b>Total</b> .....	<b>303</b>	<b>9</b>
Pending at end of year .....	50	0
Petitions for reconsideration of Board's action .....		1
Applications protested against granting of relief .....		1
Relief withheld pending hearings in applications .....		2



# APPENDIX C

## ENFORCEMENT ACTIVITIES

TABLE 1.—*Summary*

	Rail	Motor	Other	Total
Field investigations:				
On hand beginning of year.....	156	694	13	863
Commenced during year.....	136	868	1	1005
Concluded during year.....	118	957	0	1075
Pending at end of year.....	174	605	14	793
Court proceedings:				
On hand beginning of year.....	50	350	6	406
Commenced during year.....	55	579	1	635
Concluded during year.....	<sup>1</sup> 42	<sup>2</sup> 531	1	574
Pending at end of year.....	63	398	6	467
Civil Claims settlements:				
On hand beginning of year.....	1	110	0	111
Commenced during year.....	25	420	0	445
Concluded during year.....	19	298	0	317
Pending at end of year.....	7	232	0	239
Commission proceedings:				
On hand beginning of year.....	7	162	3	174
Commenced during year.....	1	162	1	164
Concluded during year.....	2	132	0	134
Pending at end of year.....	6	192	4	202

<sup>1</sup> Includes 19 civil claims cases.

<sup>2</sup> Includes 267 civil claims cases.

TABLE 2.—*Cases concluded or settled and monetary sanctions imposed*

	Rail	Motor water and forwarder	Total
Court cases concluded.....	42	532	574
Amount imposed.....	\$859, 354. 27	\$232, 105. 47	\$1, 091, 459. 74
Civil Claim settlements.....	19	298	317
Amount imposed.....	\$218, 800. 00	\$350, 230. 00	\$569, 030. 00

## APPENDIX D

### PROGRESS OF LEGISLATION RECOMMENDED BY THE COMMISSION TO THE 91ST CONGRESS

1. That section 17 of the Interstate Commerce Act be amended so as to provide for judicial review of the Commission's orders by the U.S. Courts of Appeals.

S. 2242 and H.R. 10851 were introduced upon request to implement the Commission's recommendation. On October 7, 1969, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 2242 and S. 2244. No further action was taken.

2. That section 17(2) of the Interstate Commerce Act be amended so as to authorize the Commission to delegate to qualified individual employees, including transportation economists and specialists, those matters which have not involved the taking of testimony at a public hearing or the submission of evidence by opposing parties in the form of affidavits.

S. 2243 and H.R. 10986 were introduced upon request to implement the Commission's recommendation. No further action was taken.

3. That section 212(a) of the Interstate Commerce Act be amended: (1) to make motor carrier operating authorities subject to suspension, change, or revocation for willful failure to comply with any provision of chapter 39, title 18, United States Code, Explosives and Other Dangerous Articles, and (2) to provide that the Commission may, upon reasonable notice, suspend motor carrier operating authorities for failure to comply with insurance regulations pursuant to section 215 thereof.

S. 2244 and H.R. 10852 were introduced upon request to implement the Commission's recommendation. On October 7, 1969, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 2242 and S. 2244. No further action was taken.

4. That part II of the Interstate Commerce Act be amended to authorize the Commission, after investigation and hearing, when necessary and desirable in the public interest, to require the establishment of through routes and joint rates between motor common carriers of property and between those carriers and common carriers by rail, express, and water.

S. 2245 and H.R. 10853 were introduced on May 26, and May 1, 1969, respectively.

5. That section 13a of the Interstate Commerce Act be amended to authorize a study of essential railroad passenger service by the Secretary of Transportation and to provide the Commission with more time and improved procedures for dealing with railroad passenger train discontinuances.

S. 2887 and H.R. 14170 were introduced upon request to implement the Commission's recommendation. On September 23, 1969, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 2887. No further action was taken.

6. That part I of the Interstate Commerce Act be amended by adding section 13b which sets forth the duty of railroads operating intercity passenger trains to provide and furnish reasonably adequate service and authorizes the Commission to establish and enforce standards of reasonably adequate service.

S. 2951 and H.R. 14572 were introduced upon request to implement the Commission's recommendation. No further action was taken.

## APPENDIX E

### PUBLICATIONS

#### *Financial and Traffic Statistics*<sup>1</sup>

##### *Annual*

- \*Transport Statistics in the United States. Detailed data on traffic, operations, equipment, finances, and employment for carriers subject to the Interstate Commerce Act (rail carriers, motor carriers, water carriers, oil pipelines, freight forwarders, Railway Express, Inc., Pullman Co., and private car owners). Available by releases: Rail, first release, \$2.00, second release, \$1.75; motor, first release, \$0.45, second release, \$1.25, and third release, \$0.50; water carriers, \$0.70; oil pipelines, \$0.40; freight forwarders, \$0.25; private car lines, \$0.25; Railway Express, Inc., Pullman Co., and electric railways included with first release rail.
- \*Freight Commodity Statistics, Class I Railroads in the United States. Carloads and tons of revenue freight originated, terminated, and received from connecting carriers, and gross freight revenue, \$0.50.
- \*Motor Carrier Freight Commodity Statistics, Class I Common and Contract Carriers of Property. Numbers of truckloads and tons of freight originated, terminated, and delivered to connecting carriers, and gross freight revenue \$1.00. Selected Statistics of Class III Motor Carriers of Property.
- A-300—Wage Statistics of Class I Railroads in the United States—Calendar Year. Number of employees, service hours, and compensation by occupation: Professional, clerical, and general; maintenance of way and structures; maintenance of equipment and stores; etc.
- A-650—Revenue and Traffic of Carriers by Water—Calendar Year. Freight revenue, number of tons of revenue freight carried, revenue ton-miles, passenger revenue, and number of passengers carried.
- A-750—Revenues, Expenses, Other Income, and Statistics of Class I Motor Carriers of Passengers—Calendar Year. Passenger operating revenues (intercity, local and suburban, charter, or special service), expenses, other income, vehicle-miles operated in intercity, local and suburban, charter, or special service, number of revenue passengers carried, man-hours paid for, and compensation of drivers.
- A-800—Revenues, Expenses, Other Income, and Statistics of Class I Motor Carriers of Property—Calendar Year. Operating revenues (intercity, common and contract, local cartage, intercity transportation for other class I and class II motor carriers), expenses, other income, deductions and income taxes, truck- and tractor-miles operated in intercity freight service by common and contract carriers, tons of revenue freight transported in intercity service, operating

<sup>1</sup>Indicates publications obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, at prices indicated. (Subject to change.) Other publications obtained from the Section of Administrative Services, Interstate Commerce Commission, Washington, D.C. 20423, without charge. (Subject to change.)

<sup>1</sup> Prepared by the Bureau of Accounts.



ratio, and report of man-hours paid for and compensation of drivers and helpers.

*Quarterly*

- Q-100—Operating Revenues and Operating Expenses of Class I Railroads. Operating revenues, expenses, taxes, equipment and joint facility rents, and net railway operating income.
- Q-125—Selected Income and Balance Sheet Items of Class I Railroads. Income account items, net income, dividends, expenditures for additions and betterments, current assets and liabilities, and analysis of taxes accrued.
- Q-200—Operating Statistics of Large Railroads, Selected Items. Freight and passenger operating statistics, consisting of miles of road operated, train-miles, car-miles, ton-miles, train-hours, locomotive units assigned to freight and passenger service, and number of freight cars on line for individual roads.
- Q-210—Train and Yard Service of Class I Railroads, in the United States. Miles of road operated, train- and locomotive-unit miles, and car-miles; gross ton-miles of road locomotives and tenders, gross ton-miles of cars, contents, and cabooses, net ton-miles, train, train-switching, and yard-switching hours.
- Q-220—Revenue Traffic Statistics of Class I Railroads, in the United States. Number of revenue tons carried, freight revenue, and passenger revenue.
- Q-240—Motive Power and Car Equipment of Class I Railroads, in the United States. Locomotive units assigned to yard-switching service, road freight service and road passenger service. Motorcars owned, freight cars on line, home and foreign. Freight cars and passenger-train cars owned.
- Q-600—Transportation Revenue and Traffic of Large Oil Pipeline Companies. Transportation revenue and number of barrels of oil originated and received from connections, present and preceding year.
- Q-650—Revenue and Traffic of Class A and B Water Carriers. Freight revenue, number of tons of revenue freight carried, revenue ton-miles, passenger revenue, and number of passengers carried.
- Q-750—Revenues, Expenses, Other Income, and Statistics of Class I Motor Carriers of Passengers. Passenger operating revenues (intercity, local and suburban, charter or special service), expenses, other income, miles of highway over which intercity regular route operations conducted, vehicle-miles operated by buses in intercity, local and suburban, charter or special service, number of revenue passengers carried by buses for each route operation, man-hours paid for, and compensation of drivers.
- Q-800—Revenues, Expenses, Other Income, and Statistics of Class I Motor Carriers of Property. Operating revenues (intercity, common and contract, local cartage, intercity transportation for other class I and class II motor carriers), expenses, other income, deductions and income taxes, truck- and tractor-miles operated in intercity freight service by common and contract carriers, tons of revenue freight transported in intercity service, operating ratio, report of man-hours paid for, and compensation of drivers and helpers.
- Q-950—Revenues, Expenses, and Statistics of Freight Forwarders. Operating revenues, expenses, income items, net income, tons of freight received from shippers, and number of shipments received from shippers.

*Monthly*

- M-300—Wage Statistics of Class I Railroads in the United States. Number of employees, service hours, and compensation by occupation.

M-350—Preliminary Report of Railroad Employment, Class I Line-Haul Railroads. Number of employees at middle of month, group totals.

*Transport Economics* <sup>2</sup>

Transport Economics. Recurring and special analyses of traffic, operations, equipment, finances, and employment of transportation industries, and related subjects. Issued monthly.

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<sup>2</sup> Prepared by Bureau of Economics. Upon request to the Bureau, copies may be obtained free of charge until supply is exhausted.

## APPENDIX F

### APPROPRIATIONS AND EMPLOYMENT

The following statement shows average employment and total appropriations for the fiscal years 1943 to 1970 for activities included under the current appropriation title "Salaries and expenses."

Year	Appropriation	Average employment	Year	Appropriation	Average employment
1943.....	\$9,336,377	2,359.4	1957.....	\$14,879,696	2,090.1
1944.....	8,873,900	2,076.0	1958.....	17,412,375	2,237.8
1945.....	8,883,700	1,957.5	1959.....	18,747,800	2,268.1
1946.....	8,733,738	2,058.3	1960.....	19,650,000	2,343.6
1947.....	10,496,200	2,240.4	1961.....	21,451,500	2,386.1
1948.....	10,713,000	2,247.7	1962.....	22,075,000	2,399.7
1949.....	11,300,317	2,217.8	1963.....	23,502,800	2,412.8
1950.....	11,416,700	2,161.0	1964.....	24,670,000	2,407.8
1951.....	11,408,200	2,072.3	1965.....	26,715,000	2,399.1
1952.....	11,264,035	1,889.5	1966.....	27,540,000	2,375.8
1953.....	11,003,500	1,849.4	1967.....	<sup>1</sup> 27,169,000	<sup>2</sup> 1,928.9
1954.....	11,284,000	1,837.9	1968.....	23,846,000	1,899.0
1955.....	11,679,655	1,859.1	1969.....	24,664,000	1,808.1
1956.....	12,896,000	1,902.2	1970.....	<sup>3</sup> 25,508,000	<sup>3</sup> 1,834.9

<sup>1</sup> Excludes \$1,310,000 transferred to the Department of Transportation (Public Law 89-670) approved Oct. 15, 1966, and determination order of the Director of the Bureau of the Budget which authorized transfer of funds as of Apr. 1, 1967.

<sup>2</sup> Excludes average employment for those functions transferred to the Department of Transportation effective Apr. 1, 1967.

<sup>3</sup> Estimated.



# STATEMENT OF APPROPRIATION AND OBLIGATIONS FOR THE FISCAL YEAR ENDED JUNE 30, 1969

An act making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, offices, and the Department of Housing and Urban Development for the fiscal year ending June 30, 1969, and for other purposes. (Public Law 90-550, 90th Cong., approved Oct. 4, 1968.)

Salaries and expenses: For necessary expenses of the Interstate Commerce Commission, including services as authorized by 5 U.S.C. 3109, \$23,846,000, of which \$150,000 shall be available for valuation of pipelines: Provided, That Joint Board members and cooperating State commissioners may use Government transportation requests when traveling in connection with their duties as such -----	\$23, 846, 000
Supplemental appropriation (Public Law 91-47, 91st Cong., approved July 22, 1969)-----	818, 000
Transfer to GSA for office space-----	-1, 218

Amount available-----	24, 662, 782
Obligations and unobligated balance of appropriation as of June 30, 1969: The obligations shown represent net obligation after deducting reimbursements from non-Federal sources and all credits for services and salaries charged to other Government activities.	
Net obligations under appropriation for the year ended June 30, 1969: Salaries and expenses-----	24, 658, 058

Unobligated balance of appropriation Salaries and expenses--	4, 724
Statement of receipts from fees and charges during the fiscal year ended June 30, 1969:	
Registration and filing fees-----	1, 408, 257
Fees and other charges for other administrative services-----	16, 066
Miscellaneous fees for permits and licenses, not otherwise classified -----	1, 110
Sale of publications and reproductions-----	10, 878
Fees and other charges for miscellaneous services-----	33, 264
Total receipts from fees and charges-----	1, 469, 575

## APPENDIX G

### TRANSPORTATION STATISTICS

TABLE 1.—*Number of carriers subject to uniform systems of accounts and required to file annual and periodic reports as of June 30, 1969*

Railroads, class I.....	75
Railroads, class II.....	293
Railroad switching and terminal companies, class I.....	25
Railroad switching and terminal companies, class II.....	163
Railroad lessor companies.....	141
Motor carriers, class I passenger.....	<sup>1</sup> 104
Motor carriers, class I property.....	1,503
Motor carriers, class II property.....	1,998
Oil pipelines.....	96
Water carriers.....	92
Maritime carriers.....	19
Electric railways.....	11
Freight forwarders.....	65
Protective service companies.....	8
Express companies.....	1
Stockyard companies.....	<sup>2</sup> 32
Holding companies (rail).....	9
<b>Total</b> .....	<b>4,635</b>

*Number of carriers and organizations filing annual reports but not subject to prescribed uniform systems of accounts as of June 30, 1969*

Carlines (companies which furnish cars for use on lines of railroads) ..	152
Class II and III motor carriers of passengers.....	1,007
Class III motor carriers of property.....	11,706
Water carriers (less than \$100,000 gross revenue) .....	103
Freight forwarders (less than \$100,000 gross revenue) .....	21
Holding companies (Motor).....	52
Street electric lines.....	1
Rate bureaus and organizations.....	106
<b>Total</b> .....	<b>13,148</b>
<b>Grand total</b> .....	<b>17,783</b>

<sup>1</sup> Includes 7 combination (property and passenger) carriers.

<sup>2</sup> Includes 12 stockyard company lessors.

TABLE 2.—*Revenues, net investment, and taxes, 1968*<sup>1</sup>

[Dollars in thousands]

Kind of carrier	Operating revenues	Net investment in carrier operating property and equipment Dec. 31, 1967	Taxes	
			Income and excess profits	All other
Class I line-haul railroads <sup>2</sup> .....	<sup>3</sup> \$10,854,678	\$24,829,518	<sup>4</sup> \$66,078	\$880,255
Motor carriers of property (class I intercity).....	<sup>5</sup> 9,549,569	1,772,847	<sup>5</sup> 6 174,108	<sup>7</sup> 586,994
Motor carriers of passengers (class I intercity).....	<sup>6</sup> 695,231	313,130	<sup>5</sup> 6 36,404	<sup>8</sup> 47,691
Water carriers (class A and class B).....	<sup>5</sup> 307,404	226,363	<sup>5</sup> 6 10,868	<sup>8</sup> 4,951
Oil pipelines <sup>10</sup> .....	<sup>9</sup> 990,491	2,953,491	<sup>4</sup> 6 110,863	<sup>5</sup> 63,980
Total.....	22,397,373	30,095,349	398,321	1,583,871
Percentage distribution				
Class I line-haul railroads.....	48.5	82.5	16.6	55.6
Motor carriers of property.....	42.6	5.9	43.7	37.1
Motor carriers of passengers.....	3.1	1.0	9.2	3.0
Water carriers.....	1.4	.8	2.7	.3
Oil pipelines.....	4.4	9.8	27.8	4.0
Total.....	100.0	100.0	100.0	100.0

<sup>1</sup> Net investment in carrier property and equipment at the close of the preceding year.<sup>2</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.<sup>3</sup> Railway operating revenues.<sup>4</sup> U.S. Government income and excess profits taxes only.<sup>5</sup> Preliminary.<sup>6</sup> United States and State taxes combined.<sup>7</sup> From Quarterly Report Q-800.<sup>8</sup> From Quarterly Report Q-750.<sup>9</sup> Total waterline operating revenues.<sup>10</sup> Does not include 5 pipeline departments.TABLE 3.—*Certificates of convenience and necessity issued for abandonment, construction, and acquisition and operation of lines of railroad under sec. 1(18) of the Interstate Commerce Act, as amended.*

	July 1, 1967 through June 30, 1968		July 1, 1968 through June 30, 1969	
	Applications	Miles	Applications	Miles
Abandonment applications filed.....	76	2,036.3	136	2,286.6
Certificates of abandonment:				
Granted.....	74	1,890.4	89	1,319.8
Denied.....	4	76.1	1	12.2
Dismissed.....	3	196.5	5	48.0
Abandonments permitted since effective date of act.....	---	55,485.6	---	56,805.4
Construction applications filed.....	12	142.1	13	79.4
Granted.....	9	121.3	17	98.7
Denied.....	2	51.4	1	26.7
Dismissed.....	1	44.0	3	59.6
Acquisition and operation applications filed.....	12	315.3	15	344.9
Granted.....	6	53.8	15	433.1
Denied.....	---	---	1	3.8
Dismissed.....	1	25.3	1	218.5



TABLE 4.—*Car supply—cars installed, retired, and ordered*

	Fiscal year			
	1954	1959	1964	1969
<b>Cars installed:</b>				
Box.....	16, 097	8, 406	16, 725	19, 722
Refrigerator.....	2, 761	1, 682	5, 736	4, 386
Gondola.....	16, 354	5, 467	878	3, 543
Hopper.....	7, 654	10, 474	22, 338	12, 128
Covered hopper.....	5, 650	3, 334	6, 855	4, 963
Flat.....	2, 275	1, 920	3, 481	3, 770
Other.....	3, 561	548	431	743
Total cars.....	54, 352	31, 831	56, 444	49, 255
<b>Cars retired:</b>				
Box.....	19, 988	26, 656	37, 253	32, 365
Refrigerator.....	3, 006	6, 493	4, 943	6, 141
Gondola.....	12, 111	12, 818	19, 071	9, 463
Hopper.....	18, 355	29, 916	20, 413	25, 246
Covered hopper.....	196	192	282	2, 305
Flat.....	1, 107	1, 218	1, 033	1, 149
Other.....	3, 255	2, 996	4, 361	2, 730
Total cars.....	58, 018	80, 289	87, 356	79, 399
<b>Cars ordered:</b>				
Box.....	11, 142	14, 433	13, 974	30, 379
Refrigerator.....	4, 255	2, 761	5, 921	9, 251
Gondola.....	1, 000	3, 755	2, 768	3, 444
Hopper.....	866	18, 706	22, 800	12, 518
Covered hopper.....	2, 186	2, 890	12, 370	13, 203
Flat.....	906	3, 101	8, 746	9, 411
Other.....	4, 308	2, 642	8, 556	11, 847
Total cars.....	24, 663	48, 288	75, 135	90, 053

TABLE 4a.—*Ownership, serviceable ownership, and turnaround time, class I railroads*

	1954	1959	1964	1969
<b>Ownership:</b>				
Plain box.....	673, 915	663, 546	522, 454	391, 897
Equipped box.....	52, 356	49, 492	81, 108	154, 064
Total box.....	726, 271	713, 038	603, 562	545, 961
Refrigerators.....	100, 562	91, 700	91, 288	99, 629
Gondolas.....	299, 487	275, 379	226, 364	194, 534
Hoppers.....	550, 271	505, 462	439, 027	402, 382
Covered hoppers.....	37, 268	60, 012	77, 840	124, 868
Flat.....	47, 936	50, 685	57, 268	70, 201
Others.....	83, 952	78, 985	62, 293	55, 161
Total cars.....	1, 845, 747	1, 775, 261	1, 557, 642	1, 492, 736
<b>Serviceable cars:</b>				
Plain box.....	634, 813	614, 317	488, 867	363, 964
Equipped box.....	47, 665	46, 059	78, 560	146, 310
Total box.....	682, 478	660, 376	567, 427	510, 274
Refrigerators.....	96, 000	87, 623	87, 508	96, 298
Gondolas.....	276, 253	248, 948	206, 827	181, 830
Hoppers.....	509, 047	458, 797	413, 206	385, 958
Covered hoppers.....	36, 694	58, 649	76, 242	120, 814
Flat.....	45, 427	48, 257	54, 540	66, 717
Others.....	79, 744	75, 610	59, 407	52, 437
Total cars.....	1, 725, 643	1, 638, 260	1, 465, 157	1, 414, 323
<b>Turnaround time—days:</b>				
Box.....	15. 40	18. 95	19. 37	21. 60
Refrigerators.....	26. 30	30. 79	32. 96	34. 59
Gondolas.....	15. 56	23. 00	20. 46	19. 70
Hoppers.....	15. 22	18. 50	15. 24	14. 57
Covered hoppers.....	15. 50	21. 00	20. 92	21. 21
Flat.....	22. 44	22. 37	12. 87	12. 07
Total cars.....	16. 26	20. 17	18. 74	18. 70

TABLE 5.—*Shareholders' equity and long-term debt and dividends, 1959-68—Class I line-haul railroads and their lessor subsidiaries*  
 [Dollars in thousands]

Year ended Dec. 31—	Shareholders' equity			Total long-term debt	Total equity and debt	Ratio of debt to total equity and debt (percent)	Amount of dividends <sup>1</sup>
	Total	Capital stock	Capital surplus				
1959.....	\$18,504,534	\$7,310,852	\$1,204,674	\$9,865,742	\$28,370,276	34.77	\$421,653
1960.....	18,527,245	7,235,503	1,327,193	9,700,783	28,228,028	34.37	401,132
1961.....	18,462,947	6,571,928	1,900,967	9,542,193	28,005,140	34.07	373,821
1962.....	18,751,740	6,574,575	1,947,310	9,433,447	28,185,187	33.47	384,477
1963.....	19,041,077	6,608,790	2,040,550	9,404,379	28,445,486	33.06	398,239
1964.....	19,044,735	6,536,506	2,080,314	9,575,526	28,630,261	33.46	477,724
1965.....	19,235,421	6,462,296	2,070,710	9,827,572	29,062,983	33.81	510,402
1966.....	19,681,070	6,494,647	2,087,575	10,285,096	29,966,766	34.32	530,699
1967.....	19,465,188	6,500,838	2,135,990	10,507,160	29,972,348	35.06	564,375
1968.....	19,462,742	6,372,476	2,165,910	10,503,919	29,966,661	35.05	542,784

<sup>1</sup> Includes figures for lessors and operating railroads without excluding duplications on account of intercorporate payments. Stock dividends for the last 10 years have been as follows: \$2,402,789 in 1959, of which \$65,364 was credited to "Capital surplus"; for amount in excess of par value of stock dividends declared; \$2,329 in 1960; \$1,890,200 in 1961; \$1,910,451 in 1962; \$4,877,125 in 1963; \$2,123 in 1964; \$2,199,705 in 1965; \$2,162,160 in 1966; \$916,302 in 1967; and \$765,221 in 1968.

<sup>2</sup> Effective Jan. 1, 1963, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 6.—*Operating revenues, operating expenses, and net income, class I line-haul railroads, 1959-69*

[Dollars in thousands]

Year ended Dec. 31—	Freight revenues	Passenger revenues	Total operating revenues	Total transportation expenses	Total operating expenses	Operating ratio (percent)	Net railway operating income	Net income
1959.....	\$8,312,181	\$651,168	\$9,825,060	\$3,887,710	\$7,704,815	78.42	\$747,677	\$577,719
1960.....	8,025,423	640,268	9,514,294	3,832,882	7,565,336	79.52	584,016	444,640
1961.....	7,739,044	624,688	9,189,138	3,710,832	7,274,260	79.16	537,771	382,444
1962.....	7,991,146	619,056	9,439,895	3,755,092	7,418,562	78.59	725,679	571,017
1963.....	8,146,131	588,104	9,559,522	3,771,254	7,451,648	77.95	805,658	651,637
1964.....	8,455,457	577,910	9,856,527	3,920,622	7,737,847	78.50	818,213	698,184
1965 <sup>1</sup> .....	8,835,958	553,056	10,207,850	4,020,161	7,849,841	76.90	961,516	814,629
1966.....	9,280,613	543,632	10,654,666	4,139,268	8,117,657	76.19	1,045,863	903,783
1967.....	9,130,233	485,369	10,366,041	4,186,049	8,204,492	79.15	676,434	<sup>2</sup> 553,789
1968.....	9,749,788	444,334	10,854,678	4,354,705	8,580,961	79.05	677,623	<sup>2</sup> 590,402
January- June 1968.....	4,833,208	216,283	5,369,622	2,140,830	4,211,371	78.43	357,610	<sup>2 3</sup> 277,644
January- June 1969.....	5,117,546	214,607	5,656,259	2,242,732	4,424,574	78.22	353,700	<sup>2 3</sup> 264,966

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

<sup>2</sup> Ordinary income, before extraordinary and prior period items. Net income is shown in table 8.

<sup>3</sup> Preliminary.

TABLE 7.—*Taxes and equipment rents, class I line-haul railroads, 1959-69*

[In thousands]

Year ended Dec. 31—	Railway tax accruals	Equipment and joint facility rents (net)	Other income	Interest, rents, and other deductions	Federal income and excess-profits taxes <sup>1</sup>
1959.....	\$1,047,635	—\$324,934	\$314,553	\$484,511	\$267,645
1960.....	998,799	—366,143	346,328	485,705	202,903
1961.....	991,083	—386,023	322,281	477,609	242,456
1962.....	905,044	—390,610	325,576	480,237	156,786
1963.....	886,387	—415,828	330,075	484,096	164,109
1964.....	870,581	—429,885	368,891	488,920	137,919
1965 <sup>2</sup> .....	916,494	—480,000	365,389	512,276	163,656
1966.....	968,372	—522,775	399,492	541,572	186,325
1967.....	910,178	—574,987	457,545	347,941	<sup>3</sup> 66,317
1968.....	946,334	—649,761	520,639	581,964	<sup>3</sup> 66,078
January-June 1968 <sup>4</sup> .....	484,550	—316,090	222,624	296,226	<sup>3</sup> 47,089
January-June 1969 <sup>4</sup> .....	536,330	—341,655	231,928	315,015	<sup>3 7</sup> 77,344

<sup>1</sup> Included in railway tax accruals.

<sup>2</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

<sup>3</sup> Excludes income taxes on extraordinary and prior period items.

<sup>4</sup> Preliminary.



TABLE 8.—*Net railway operating income, net income, and rates of return, class I line-haul railroads, 1959-68*

[Dollars in thousands]

Year ended Dec. 31—	Investment in property used in transportation operations less depreciation and amortization <sup>1</sup>	Net railway operating income	Ratio of net railway operating income to investment in property used in transportation operations less depreciation and amortization (percent)	Shareholders' equity	Net income	Ratio of net income to shareholders' equity (percent)
1959.....	\$26,247,426	\$747,677	2.85	\$17,291,787	\$577,719	3.34
1960.....	26,396,665	584,016	2.21	17,312,733	444,640	2.57
1961.....	26,372,540	537,771	2.04	17,283,908	382,444	2.21
1962.....	26,185,903	725,679	2.77	17,559,195	571,017	3.25
1963.....	26,266,191	805,658	3.07	17,840,552	651,637	3.65
1964.....	25,394,471	818,213	3.22	17,622,350	698,184	3.96
1965 <sup>2</sup> .....	25,793,676	961,516	3.73	17,746,696	814,629	4.59
1966.....	26,699,511	1,045,863	3.92	18,194,059	903,783	4.97
1967.....	27,241,987	676,434	2.48	17,973,434	<sup>3</sup> 321,541	<sup>3</sup> 1.79
1968.....	26,903,000	677,623	2.52	17,962,680	<sup>3</sup> 564,505	<sup>3</sup> 3.14

<sup>1</sup> Includes allowance for working capital. Figures for 1964 and prior years include present value of land; figures for 1965 and subsequent years include original cost of land.

<sup>2</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

<sup>3</sup> After extraordinary and prior period items.

TABLE 9.—*Current assets and current liabilities—Class I line-haul railroads as of June 30, 1968-69*<sup>1</sup>

[Dollars in millions]

	1968 amount	1969	
		Amount	Percent of change
Total current assets.....	\$3,089	\$3,189	+3.2
Cash and temporary cash investments.....	1,184	1,102	-6.9
Materials and supplies.....	519	522	+.6
Total current liabilities.....	2,349	2,675	+13.9
Net working capital:			
Including materials and supplies.....	740	514	-30.5
Excluding materials and supplies.....	221	-8	-----
RATIOS			
Current assets to current liabilities:			
Including materials and supplies.....	1.32	1.19	-----
Excluding materials and supplies.....	1.09	1.00	-----
Cash and temporary cash investments to current liabilities.....	.50	.41	-----

<sup>1</sup> Preliminary.

TABLE 10.—*Condensed income account—Class I line-haul railroads, 1966-68*

[In millions]

Item	1966 <sup>1</sup>	1967	1968
Revenue, other income, and extraordinary and prior period items.....	\$11,054	\$10,598	\$11,348
Cost of materials, depreciation, and other expenses, except wages and salaries.....	4,016	4,107	4,379
Taxes, including income, profits, and payroll.....	968	916	945
Total deductions.....	4,984	5,023	5,324
Remainder for employees and investors.....	6,070	5,575	6,024
Wages and salaries <sup>2</sup> .....	4,625	4,673	4,852
Investors' share:			
Rent for leased roads <sup>3</sup> .....	60	59	61
Interest on obligations.....	398	432	451
Other deductions <sup>4</sup> .....	83	89	96
For dividends and surplus.....	904	322	564
Total.....	1,445	902	1,172
Percent wages and salaries.....	76.2	83.8	80.5
Percent investors' share.....	23.8	16.2	19.5

<sup>1</sup> Does not include extraordinary and prior period items.<sup>2</sup> Chargeable to operating expenses and not including the following amounts of payroll taxes, in millions: 1968, \$513; 1967, \$477; and 1966, \$439.<sup>3</sup> Represents largely intercompany payments among railroads of interest and dividends.<sup>4</sup> Miscellaneous deductions from income, and amortization of discount on funded debt.TABLE 11.—*Number and compensation of employees—Class I line-haul railroads, 1959-68*

Year ended Dec. 31—	Average number of employees during year <sup>1</sup>	Total hours paid for	Compensation of railroad employees <sup>2</sup>			
			Total	Average per hour	Ratio to revenues	Ratio to expenses
		<i>Thousands</i>	<i>Thousands</i>		<i>Percent</i>	<i>Percent</i>
1959.....	815,509	1,924,500	\$4,986,251	\$2.591	50.75	64.72
1960.....	780,971	1,840,615	4,893,622	2.659	51.43	64.68
1961.....	715,985	1,698,704	4,623,981	2.722	50.32	63.57
1962.....	700,146	1,672,389	4,662,113	2.788	49.39	62.84
1963.....	679,867	1,640,868	4,629,784	2.822	48.43	62.13
1964.....	665,034	1,619,804	4,697,884	2.900	47.66	60.71
1965 <sup>3</sup> .....	639,961	1,564,736	4,793,066	3.063	46.95	61.06
1966.....	630,895	1,541,093	4,879,273	3.166	45.79	60.11
1967.....	610,191	1,466,429	4,933,663	3.364	47.50	60.13
1968.....	590,536	1,441,849	5,110,636	3.545	47.08	59.56

<sup>1</sup> This is the average of 12 counts made at middle of month and differs from the number of persons receiving pay during the month of year regardless of whether for a long or short period.<sup>2</sup> In 1968, \$4,852,027,569 or 94.94 percent of the reported compensation was chargeable to operating expenses.<sup>3</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 12.—Average number of employees—Class I line-haul railroads (middle-of-the-month count), 1959-69

Years	Execu- tives, officials, and staff assistants	Profes- sional, clerical, and general	Mainte- nance of way and struc- tures	Mainte- nance of equip- ment and stores	Transpor- tation (other than train engine, and yard)	Transpor- tation (yard- masters, switch hostlers)	Transpor- tation (train and engine service)	Total
1959.....	15,155	166,713	126,988	194,514	95,598	12,388	204,153	815,509
1960.....	15,050	161,540	118,597	184,105	89,950	12,092	199,637	780,971
1961.....	14,595	151,231	105,219	163,728	82,510	11,267	187,435	715,985
1962.....	14,454	145,903	102,274	161,080	77,743	10,713	187,979	700,146
1963.....	14,505	140,617	99,297	156,884	72,475	10,302	185,787	679,867
1964.....	14,715	138,483	98,615	154,652	68,513	10,081	179,975	665,034
1965 <sup>1</sup> .....	14,766	135,860	94,633	148,425	64,847	10,019	171,411	639,961
1966.....	15,185	133,992	94,098	145,628	61,315	9,970	170,707	630,895
1967.....	15,501	131,360	90,462	138,488	57,020	9,828	167,532	610,191
1968.....	15,837	127,271	88,916	132,114	51,318	9,634	165,446	590,536
June 1968.....	15,836	129,314	94,474	133,519	52,880	9,640	167,151	602,814
June 1969 <sup>2</sup> .....	16,249	126,059	92,434	128,499	48,509	9,517	167,775	589,042

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

<sup>2</sup> Preliminary.

TABLE 13.—Selected freight service operating statistics—Class I line-haul railroads, 1959-69

Year ended Dec. 31—	Average miles of road operated	Total revenue ton- miles	Tons of revenue freight carried	Reve- nue per ton- mile	Miles per revenue ton per road (average haul)	Net ton- miles per mile of road per day	Train- miles per train- hour (average)	Percent of freight cars unserv- iceable
		Millions	Thousands	Cents				
1959.....	219,746	575,529	2,284,611	1.44	251.9	7,384	19.5	7.5
1960.....	219,381	572,309	2,280,889	1.40	250.9	7,325	19.5	7.6
1961.....	219,428	563,361	2,192,193	1.37	257.0	7,233	19.9	8.2
1962.....	217,388	592,862	2,271,960	1.35	261.0	7,657	20.0	7.5
1963.....	216,639	621,659	2,371,137	1.31	262.2	8,054	20.1	6.9
1964.....	215,678	659,327	2,499,385	1.28	263.8	8,496	20.2	5.4
1965 <sup>1</sup> .....	212,133	697,736	2,539,304	1.27	274.8	9,161	20.1	5.1
1966.....	211,474	738,252	2,637,539	1.26	279.9	9,723	20.3	4.4
1967.....	211,835	719,397	2,570,067	1.27	279.9	9,462	20.3	4.6
1968.....	211,181	744,479	2,596,017	1.31	286.8	9,821	20.4	4.8
January-June 1968.....	211,287	373,295	1,304,042	1.29	286.3	9,864	20.4	4.8
January-June 1969 <sup>2</sup> .....	211,201	381,200	1,305,930	1.34	291.9	10,146	20.1	4.7

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

<sup>2</sup> Preliminary.



TABLE 14.—*Selected passenger service operating statistics—Class I line-haul railroads, 1959-69*

Year ended Dec. 31—	Average miles of road operated	Passen- gers carried	Total passen- ger-miles	Revenues per pas- senger per mile (includes commuta- tion)	Revenues per pas- senger per mile (excludes commuta- tion)	Passen- ger train- miles	Train- miles per train- hour	Percent passen- ger cars unserv- iceable
		<i>Thousands</i>	<i>Millions</i>	<i>Cents</i>	<i>Cents</i>	<i>Thousands</i>		
1959.....	99,989	352,326	22,047	2.95	3.00	225,045	40.3	9.6
1960.....	94,117	325,872	21,258	3.01	3.03	209,367	40.7	8.7
1961.....	89,515	317,024	20,283	3.08	3.08	198,443	40.9	9.6
1962.....	86,028	311,738	19,902	3.11	3.10	193,211	40.9	10.5
1963.....	84,928	309,603	18,497	3.18	3.18	189,360	40.9	11.4
1964.....	81,795	313,016	18,248	3.17	3.16	183,557	41.4	9.8
1965 <sup>1</sup> .....	76,993	298,877	17,389	3.18	3.14	172,344	41.3	7.9
1966.....	73,173	300,370	17,095	3.18	3.13	164,264	41.3	7.8
1967.....	67,827	296,995	15,201	3.19	3.13	149,820	41.7	8.2
1968.....	59,259	295,618	13,120	3.38	3.33	122,591	41.0	8.3
January-June 1968.....	60,333	148,373	6,417	3.37	3.32	63,905	41.1	7.7
January-June 1969 <sup>2</sup> .....	58,155	148,281	5,941	3.61	3.65	54,997	41.2	7.8

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

<sup>2</sup> Preliminary.

TABLE 15.—*Revenues, expenses, net income, and employment of refrigerator car lines owned or controlled by railroads, 1960-68*

Year ended Dec. 31—	Number of com- panies repre- sented	Operating revenues	Operating expenses	Oper- ating ratio	Income taxes	Net income	Employees	
							Average number	Compen- sation
				<i>Percent</i>				
1960.....	8	\$141,246,762	\$102,116,944	72.30	\$3,783,820	\$13,850,666	7,320	\$38,722,259
1961.....	8	138,021,938	102,325,996	74.14	4,682,361	8,878,573	6,608	39,169,375
1962.....	8	140,324,418	101,654,801	72.44	2,001,244	13,830,014	6,583	37,666,715
1963.....	7	142,293,303	104,940,685	73.75	696,677	13,877,213	6,545	38,276,464
1964.....	7	153,105,764	108,353,974	70.77	1,703,056	16,136,320	6,452	38,468,070
1965.....	7	155,058,757	112,096,519	72.29	1,598,525	13,385,093	6,103	41,610,360
1966.....	7	175,680,749	118,500,027	67.45	2,966,930	15,737,697	6,124	41,134,584
1967.....	7	175,180,449	122,620,786	70.00	<sup>1</sup> 1,499,155	<sup>2</sup> 12,478,630	5,816	43,137,192
1968 <sup>3</sup> .....	8	180,772,824	121,773,727	67.36	<sup>1</sup> 4,497,194	<sup>2</sup> 10,462,105	5,328	43,026,998

<sup>1</sup> Excludes income taxes on extraordinary and prior period items.

<sup>2</sup> Ordinary income, before extraordinary and prior period items. Net income is shown in table 16.

<sup>3</sup> Preliminary.

TABLE 16.—*Carline operating income before income taxes, net income, and rate of return of refrigerator car lines owned or operated by railroads, 1960-68*

Year ended Dec. 31—	Net investment in transportation property plus working capital	Carline operating income before income taxes	Ratio of carline operating income before income taxes to net investment in transportation property plus working capital	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
			<i>Percent</i>			<i>Percent</i>
1960.....	\$327,438,692	\$29,470,408	9.00	\$193,293,740	\$13,850,666	7.17
1961.....	320,106,371	26,165,454	8.17	194,911,926	8,878,573	4.56
1962.....	329,275,640	28,668,942	8.71	201,118,897	13,830,014	6.88
1963.....	344,378,353	25,741,581	7.47	206,946,110	13,877,213	6.71
1964.....	354,389,193	30,857,171	8.71	215,655,330	16,136,320	7.48
1965.....	379,028,643	24,922,780	6.58	222,139,603	13,385,093	6.03
1966.....	390,252,387	31,621,972	8.10	233,204,816	15,737,697	6.75
1967.....	403,768,326	24,129,322	5.98	239,145,710	<sup>1</sup> 11,376,343	<sup>1</sup> 4.76
1968 <sup>2</sup> .....	416,427,897	24,598,557	5.91	245,065,619	<sup>1</sup> 10,690,411	<sup>1</sup> 4.36

<sup>1</sup> After extraordinary and prior period items.<sup>2</sup> Preliminary.TABLE 17.—*Selected statistics of nonrailroad controlled private car owners,<sup>1</sup> 1960-68*

Year ended Dec. 31—	Cars owned at close of year					Revenue receivable	Miles made by owned cars
	Refrigerator	Petroleum	Other tank	Other <sup>2</sup>	Total		
1960.....	20,429	78,055	80,924	75,888	255,296	<i>Thousands</i> \$284,706	<i>Thousands</i> 3,226,706
1961.....	18,649	129,541	27,058	84,613	259,861	297,470	3,194,959
1962.....	17,453	128,368	27,783	87,076	260,680	301,000	3,350,361
1963.....	16,554	127,526	29,156	101,183	274,419	312,868	3,456,817
1964.....	15,211	125,876	30,562	114,462	286,111	356,252	3,550,739
1965.....	14,750	123,738	31,488	121,064	291,040	387,625	3,666,895
1966.....	14,940	80,592	<sup>3</sup> 76,844	137,378	309,754	434,180	4,229,578
1967.....	13,963	81,326	79,095	147,286	321,670	477,263	4,279,440
1968 <sup>4</sup> .....	13,413	82,780	79,991	152,835	329,019	511,917	4,725,027

<sup>1</sup> Confined to owners of 10 or more cars. Does not include railroad owned or controlled refrigerator car lines.<sup>2</sup> Includes stock, gondola, hopper, airdump, box, cradle, flat, vat, etc., cars.<sup>3</sup> One large carrier's fleet has been redesignated to "Other tank" because of its multipurpose use.<sup>4</sup> Preliminary.TABLE 18.—*Operating revenues of class I intercity motor carriers of property, 1959-68*

Year ended Dec. 31—	Number of carriers represented	Operating revenues					Total
		Freight, intercity, common	Freight, intercity, contract	Freight, local	Transportation for other classes I and II motor carriers	Other	
1959.....	890	\$4,261,388,069	\$202,372,796	\$44,233,742	\$45,855,624	\$36,461,897	\$4,590,312,128
1960.....	935	4,384,108,648	238,583,060	50,657,948	47,797,294	42,141,074	4,763,288,024
1961.....	972	4,583,203,216	183,338,169	52,436,172	46,641,618	42,827,530	4,908,446,705
1962.....	1,004	5,071,596,939	210,255,010	62,420,482	40,371,191	43,711,696	5,428,355,318
1963.....	1,004	5,388,416,804	212,452,389	67,692,483	42,691,909	45,137,687	5,756,391,272
1964.....	1,025	5,835,182,322	200,585,024	72,293,856	43,530,199	47,873,296	6,199,464,697
1965 <sup>1</sup> .....	1,114	6,637,386,977	250,996,976	135,949,195	52,079,770	54,321,317	7,130,734,235
1966.....	1,159	7,347,268,037	265,619,511	153,769,526	63,222,139	66,729,576	7,896,608,789
1967.....	1,198	7,523,512,038	265,522,136	169,656,176	60,644,218	72,008,352	8,091,342,923
1968 <sup>2</sup> .....	1,237	8,753,732,303	306,167,384	319,417,721	88,472,008	81,779,547	9,549,568,960

<sup>1</sup> Effective 1965, property carriers which derive 50 percent or more of their total operating revenues, excluding (1) "Intercity transportation for other class I and class II motor carriers" and (2) "Other operating revenue," from local service are classified as local carriers. Formerly these carriers were classified on the basis of 25 percent or more.<sup>2</sup> Preliminary.

TABLE 19.—*Expenses, income, and employment of class I intercity motor carriers of property, 1959-68*

Year ended Dec. 31—	Operating expenses	Operating ratio	Income taxes <sup>1</sup>	Net income	Employees	
					Average number	Compensation
Percent						
1959.....	\$4,391,553,404	95.67	\$75,619,226	\$91,937,429	317,606	\$1,999,922,882
1960.....	4,644,706,880	97.51	43,923,546	37,110,339	326,626	2,103,053,578
1961.....	4,717,566,285	96.11	72,010,216	83,767,584	323,508	2,137,999,162
1962.....	5,204,289,346	95.87	72,142,178	111,884,504	343,215	2,378,857,960
1963.....	5,520,248,782	95.90	74,547,281	121,724,524	351,104	2,545,847,548
1964.....	5,917,875,924	95.46	88,157,582	151,572,124	364,930	2,754,093,286
1965 <sup>2</sup> .....	6,760,190,140	94.80	121,328,795	208,556,970	375,386	2,948,248,807
1966.....	7,505,168,593	95.04	118,180,767	217,394,828	420,878	3,435,804,953
1967.....	7,796,488,303	96.36	<sup>4</sup> 90,726,022	<sup>5</sup> 147,426,561	424,689	3,569,345,122
1968 <sup>3</sup> .....	9,105,903,949	95.35	<sup>4</sup> 174,108,310	<sup>5</sup> 235,284,942	467,759	4,199,720,565

<sup>1</sup> Does not include income taxes of sole proprietorships, partnerships, and corporations that have elected to be taxed under sec. 1372(a) of the Internal Revenue Code.

<sup>2</sup> Effective 1965, property carriers which derive 50 percent or more of their total operating revenues, excluding (1) "Inter-city transportation for other class I and class II motor carriers" and (2) "Other operating revenue," from local service are classified as local carriers. Formerly these carriers were classified on the basis of 25 percent or more.

<sup>3</sup> Preliminary.

<sup>4</sup> Excludes income taxes on extraordinary and prior period items.

<sup>5</sup> Ordinary income, before extraordinary and prior period items. Net income is shown in table 20.

TABLE 20.—*Net carrier operating income, net income, and rate of return, class I intercity motor carriers of property, 1959-68*

Year ended Dec. 31—	Net invest- ment in transportation property plus working capital	Net carrier operating income	Ratio of net carrier oper- ating income to net investment in trans- portation property plus working capital	Share- holders' and proprietors' equity	Net income	Ratio of net in- come to share holders' and prop- rietors' equity
			<i>Percent</i>			<i>Percent</i>
1959.....	\$971,398,497	\$196,970,803	20.28	\$732,561,587	\$91,937,429	12.55
1960.....	1,016,435,421	117,231,299	11.53	752,088,754	37,110,339	4.93
1961.....	1,060,536,860	189,079,248	17.83	821,297,862	83,767,584	10.20
1962.....	1,155,771,592	222,186,641	19.22	905,331,308	111,884,504	12.36
1963.....	1,266,174,202	234,563,508	18.53	1,009,241,206	121,724,524	12.06
1964.....	1,385,535,389	280,203,751	20.22	1,111,857,300	151,572,124	13.63
1965 <sup>1</sup> .....	1,635,249,162	368,903,526	22.56	1,326,837,929	208,556,970	15.72
1966.....	1,853,171,637	387,275,466	20.90	1,501,205,580	217,394,828	14.48
1967.....	1,939,299,032	292,249,119	15.07	1,596,528,377	<sup>3</sup> 147,426,561	<sup>3</sup> 9.23
1968 <sup>2</sup> .....	2,158,674,268	455,059,068	21.08	1,833,732,016	<sup>3</sup> 235,227,111	<sup>3</sup> 12.83

<sup>1</sup> Effective 1965, property carriers which derive 50 percent or more of their total operating revenues, excluding (1) "Inter-city transportation for other class I and class II motor carriers" and (2) "Other operating revenue," from local service are classified as local carriers. Formerly these carriers were classified on the basis of 25 percent or more.

<sup>2</sup> Preliminary.

<sup>3</sup> After extraordinary and prior period items.



TABLE 21.—Operating revenues of class I intercity motor carriers of passengers, 1959-69

Year ended Dec. 31—	Number of carriers represented	Operating revenues				Total
		Passenger intercity schedules	Local and suburban schedules	Charter or special service	Other operating	
1959.....	143	\$343,942,913	\$21,442,739	\$32,587,191	\$41,154,227	\$439,127,070
1960.....	143	354,794,895	26,868,306	36,015,530	45,436,433	463,115,164
1961.....	144	370,410,897	25,767,711	38,377,147	49,973,623	484,529,378
1962.....	151	406,024,181	79,412,927	46,868,828	56,251,477	588,557,413
1963.....	148	418,971,046	78,538,461	51,202,947	61,043,426	609,755,880
1964.....	161	442,010,929	79,269,145	64,006,553	69,802,540	655,089,167
1965 <sup>1</sup> .....	156	453,170,576	13,382,983	64,353,011	76,430,377	607,336,947
1966.....	166	477,796,238	12,504,271	72,367,992	81,652,043	644,320,544
1967.....	177	479,566,176	14,226,123	84,973,341	90,812,282	669,577,922
1968 <sup>2</sup> .....	176	487,893,741	16,701,128	88,910,355	101,726,244	695,231,468
January-June 1968.....	71	.....	.....	.....	.....	290,831,857
January-June 1969 <sup>2,3</sup> .....	71	.....	.....	.....	.....	306,185,206

<sup>1</sup> Effective 1965, carriers reporting both intercity and local and suburban traffic are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenues received from intercity and local or suburban traffic. If the intercity revenues are less than 50 percent, the carriers are classified as local carriers. Formerly, carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>2</sup> Preliminary.

<sup>3</sup> Effective Jan. 1, 1969, the revenue qualification of a class I motor carrier of passengers was increased from average annual operating revenues of \$200,000 or more to \$1,000,000 or more.

TABLE 22.—Expenses, income, and employment of class I intercity motor carriers of passengers, 1959-69

Year ended Dec. 31—	Operating expenses	Operating ratio	Income taxes <sup>1</sup>	Net income (adjusted) <sup>2</sup>	Employees	
					Average number	Compensation
		<i>Percent</i>				
1959.....	\$380,254,158	86.59	\$28,292,178	\$7,587,140	33,454	\$183,759,036
1960.....	405,392,669	87.54	26,583,765	8,895,117	34,514	196,152,376
1961.....	422,579,715	87.21	27,431,817	10,052,396	34,875	208,686,225
1962.....	511,103,086	86.84	31,497,535	14,158,299	41,961	260,333,360
1963.....	529,007,640	86.76	34,174,804	17,658,795	42,070	270,095,800
1964.....	570,143,551	87.03	32,644,299	18,886,969	43,455	287,630,514
1965 <sup>3</sup> .....	514,202,551	84.67	37,747,547	22,976,477	35,388	249,578,587
1966.....	550,137,579	85.38	37,754,198	21,405,428	36,489	268,911,140
1967.....	591,337,086	88.31	<sup>5</sup> 30,733,842	<sup>6</sup> 23,087,353	37,675	287,282,886
1968 <sup>4</sup> .....	613,577,857	88.36	<sup>5</sup> 36,403,937	<sup>6</sup> 34,800,921	39,388	302,100,493
January-June 1968.....	269,221,236	92.57	.....	<sup>6</sup> 5,381,255	.....	.....
January-June 1969 <sup>4,7</sup> .....	279,634,300	91.33	.....	<sup>6</sup> 12,841,559	.....	.....

<sup>1</sup> Does not include income taxes applicable to sole proprietorships, partnerships, and corporations that have elected to be taxed under sec. 1372(a) of the Internal Revenue Code.

<sup>2</sup> Does not include net income of Greyhound Lines, Inc. Divisions where shareholders' and proprietors' equities were not determinable.

<sup>3</sup> Effective 1965, carriers reporting both intercity and local and suburban traffic are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenues received from intercity and local or suburban traffic. If the intercity revenues are less than 50 percent, the carriers are classified as local carriers. Formerly carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>4</sup> Preliminary.

<sup>5</sup> Excludes income taxes on extraordinary and prior period items.

<sup>6</sup> Ordinary income, before extraordinary and prior period items. Net income is shown in table 23.

<sup>7</sup> Effective Jan. 1, 1969, the revenue qualification of class I motor carrier of passengers was increased from average annual operating revenues of \$200,000 or more to \$1,000,000 or more.

TABLE 23.—*Net carrier operating income, net income, and rate of return—Class I intercity motor carriers of passengers, 1959-68*

Year ended Dec. 31—	Net investment in transportation property plus working capital	Net carrier operating income	Ratio of net carrier operating income to net investment in transportation property plus working capital	Share- holders' and proprietors' equity <sup>1</sup>	Net income <sup>2</sup>	Ratio of net income to shareholders' and proprietors' equity
			Percent			Percent
1959.....	\$202,927,933	\$58,764,788	28.96	\$76,389,716	\$7,587,140	9.93
1960.....	209,168,440	57,595,903	27.54	81,086,776	8,895,117	10.97
1961.....	223,430,149	61,737,229	27.63	89,311,971	10,052,396	11.26
1962.....	280,088,333	77,278,578	27.59	129,322,752	14,158,299	10.95
1963.....	290,344,095	80,704,752	27.80	143,334,905	17,658,795	12.32
1964.....	315,884,642	84,927,584	26.89	156,458,031	18,886,969	12.07
1965 <sup>3</sup> .....	276,755,228	93,141,308	33.65	126,457,086	22,976,477	18.17
1966.....	302,888,660	94,271,272	31.12	139,628,553	21,405,428	15.33
1967.....	321,608,252	78,329,458	24.36	199,663,621	<sup>3</sup> 23,087,353	<sup>3</sup> 11.56
1968 <sup>4</sup> .....	331,427,300	81,242,233	24.51	232,858,440	<sup>3</sup> 35,150,512	<sup>3</sup> 15.10

<sup>1</sup> Does not include shareholders' and proprietors' equities of Greyhound Lines, Inc. Divisions where not determinable.

<sup>2</sup> Does not include net income of Greyhound Lines, Inc. Divisions where shareholders' and proprietors' equities were not determinable.

<sup>3</sup> Effective 1965, carriers reporting both intercity and local and suburban traffic are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenue received from intercity and local or suburban traffic. If the intercity revenues are less than 50 percent, the carriers are classified as local carriers. Formerly, carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>4</sup> Preliminary.

<sup>5</sup> After extraordinary and prior period items.

TABLE 24.—*Revenues of classes A and B carriers by inland and coastal waterways, 1959-69*

Year ended Dec. 31—	Number of companies represented	Line-service operating revenues			Other operating revenue	Revenue from terminal operations	Total waterline operating revenues
		Freight	Passenger	Total			
1959.....	108	\$191,652,002	\$8,456,973	\$212,858,861	\$2,282,190	\$17,997,014	\$246,514,300
1960.....	105	195,225,405	8,277,704	219,378,402	2,586,707	19,624,116	255,416,319
1961.....	99	184,375,902	7,970,797	208,105,642	3,135,328	20,167,666	246,196,307
1962.....	95	185,205,743	9,170,957	212,660,189	3,115,221	20,834,015	252,455,942
1963.....	93	193,682,005	7,372,856	216,502,107	2,867,611	20,755,36	258,054,537
1964.....	89	185,618,591	7,738,197	211,205,882	3,035,749	21,469,871	257,857,482
1965.....	90	204,983,560	8,111,393	233,320,885	3,026,607	21,373,849	282,638,150
1966.....	89	221,611,015	9,424,117	239,900,628	3,372,022	25,287,916	298,089,627
1967.....	89	215,921,301	9,970,865	235,050,457	3,625,462	26,883,780	296,138,554
1968 <sup>1</sup> .....	84	228,516,555	9,155,422	247,232,892	5,138,471	27,443,283	307,404,171
January- June 1968...	86	122,622,902	2,586,844	-----	-----	-----	-----
January- June 1969...	86	121,149,804	2,953,836	-----	-----	-----	-----

<sup>1</sup> Preliminary.

TABLE 25.—*Expenses and income of classes A and B carriers by inland and coastal waterways, 1959-68*

Year ended Dec. 31—	Operating expenses	Operating ratio	Net revenue from waterline operations	Income taxes	Net income	Employees	
						Average number	Compensation
Percent							
1959.....	\$226,898,441	92.04	\$19,615,859	\$7,892,756	\$10,755,324	13,958	\$72,995,080
1960.....	234,304,390	91.73	21,111,929	9,550,154	11,968,394	14,338	77,771,923
1961.....	222,601,254	90.42	23,595,053	11,587,229	12,846,285	12,860	72,909,044
1962.....	226,402,507	89.68	26,053,435	9,748,329	15,688,197	12,163	71,634,975
1963.....	225,780,055	87.49	32,274,482	11,422,759	20,180,561	11,265	71,491,836
1964.....	222,842,636	86.42	35,014,846	12,941,993	30,029,716	10,222	67,799,956
1965.....	240,230,257	85.00	42,407,893	13,579,989	27,939,783	10,291	71,698,763
1966.....	254,433,215	85.35	43,656,412	12,223,556	31,529,861	10,397	78,858,214
1967.....	258,673,638	87.35	37,464,916	<sup>1</sup> 11,685,783	<sup>2</sup> 25,365,695	10,411	78,617,662
1968 <sup>3</sup> .....	272,107,593	88.53	35,296,578	<sup>1</sup> 10,868,211	<sup>2</sup> 25,285,179	9,924	81,678,388

<sup>1</sup> Excludes income taxes on extraordinary and prior period items.<sup>2</sup> Ordinary income, before extraordinary and prior period items. Net income is shown in table 26.<sup>3</sup> Preliminary.TABLE 26.—*Net revenue from waterline operations, net income, and rate of return—Classes A and B carriers by inland and coastal waterways, 1959-68*

Year ended Dec. 31—	Net invest- ment in transporta- tion prop- erty plus working capital	Net revenue from waterline operations	Ratio of net revenue from water- line opera- tions to net invest- ment in transporta- tion prop- erty plus working capital	Share holders' equity	Net income	Ratio of net in- come to share- holders' equity
<i>Percent</i>						
1959.....	\$228,942,072	19,615,859	8.57	\$199,854,655	10,755,324	5.38
1960.....	247,077,787	21,111,929	8.54	208,820,923	11,968,394	5.73
1961.....	243,758,306	23,595,053	9.68	209,207,834	12,846,285	6.14
1962.....	244,972,532	26,053,435	10.64	205,160,782	15,688,197	7.65
1963.....	245,377,362	32,274,482	13.15	213,181,394	20,180,561	9.47
1964.....	261,627,839	35,014,846	13.38	224,029,170	30,029,716	13.40
1965.....	278,361,019	42,407,893	15.23	234,398,733	27,939,783	11.92
1966.....	291,302,064	43,656,412	14.99	253,269,747	31,529,861	12.45
1967.....	265,961,601	37,464,916	14.09	224,728,883	<sup>1</sup> 27,344,243	<sup>1</sup> 12.17
1968 <sup>2</sup> .....	287,735,765	35,296,578	12.17	239,140,666	<sup>1</sup> 26,221,183	<sup>1</sup> 10.96

<sup>1</sup> After extraordinary and prior period items.<sup>2</sup> Preliminary.

NOTE: Long-term debt due within 1 year included in current liabilities beginning in 1963.

TABLE 27.—*Revenues and expenses of maritime carriers, 1959-68*

Year ended Dec. 31—	Num- ber of com- panies rep- resented	Operating revenues				Waterline tax accruals	Total waterline operating expenses	Operating ratio
		Coastwise and inter- coastal service	Charter	Total vessel operating	Total waterline operating			
<i>Percent</i>								
1959.....	26	\$134,127,926	\$17,331,267	\$462,377,363	\$530,553,819	\$734,462	\$512,637,222	96.62
1960.....	27	135,159,959	16,978,720	460,567,342	524,413,273	707,852	515,302,869	98.26
1961.....	26	107,302,361	22,584,541	439,294,532	504,679,917	689,901	494,395,776	97.96
1962.....	23	102,409,701	24,183,445	532,535,273	628,498,423	813,228	593,773,641	94.47
1963.....	21	102,346,182	20,430,141	547,732,284	652,657,076	1,171,818	627,419,122	96.13
1964.....	21	106,193,835	17,844,491	595,304,904	704,840,170	1,251,287	667,165,648	94.65
1965.....	20	103,650,563	19,834,911	579,908,021	678,980,520	1,198,952	651,990,581	96.02
1966.....	19	112,607,919	35,163,627	582,982,642	654,491,504	1,317,915	611,648,180	93.45
1967.....	17	77,917,812	43,761,230	602,190,258	673,927,830	1,161,303	636,581,671	94.46
1968 <sup>1</sup> .....	17	67,352,766	74,834,431	580,083,381	622,016,487	1,200,195	549,256,814	88.30

<sup>1</sup> Preliminary.



TABLE 28.—*Taxes, income, and employment of maritime carriers, 1959-68*

Year ended Dec. 31—	Provision for income taxes	Net income	Employees	
			Average number	Compensation
1959.....	\$11,332,969	\$15,512,045	16,999	\$134,666,348
1960.....	8,443,601	4,581,479	16,256	123,669,282
1961.....	7,334,081	6,613,211	18,668	131,418,957
1962.....	11,131,684	21,203,789	16,333	138,020,796
1963.....	3,584,834	18,260,328	15,853	146,422,465
1964.....	10,339,003	26,827,910	15,561	160,546,494
1965.....	4,873,281	21,743,255	12,282	144,412,477
1966.....	12,923,890	25,338,335	10,789	113,951,878
1967.....	<sup>1</sup> 7,060,777	<sup>2</sup> 25,060,518	12,924	111,182,824
1968 <sup>3</sup> .....	<sup>1</sup> 23,229,891	<sup>2</sup> 61,485,543	13,803	114,040,132

<sup>1</sup> Excludes income taxes on extraordinary and prior period items.<sup>2</sup> Ordinary income, before extraordinary and prior period items. Net income is shown in table 29.<sup>3</sup> Preliminary.TABLE 29.—*Gross profit from shipping operations, net income, and rate of return of maritime carriers, 1959-68*

Year ended Dec. 31—	Net investment in transportation property plus working capital	Gross profit from shipping operations	Ratio of gross profit from shipping operations to net investment in transportation property plus working capital	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
			percent			percent
1959.....	\$278,134,950	\$17,916,597	6.44	\$280,417,369	\$15,512,045	5.53
1960.....	261,253,845	9,110,404	3.49	263,000,354	4,581,479	1.74
1961.....	254,092,501	10,284,141	4.05	271,353,676	6,613,211	2.44
1962.....	384,025,571	34,724,782	9.04	340,050,198	21,203,789	6.24
1963.....	397,670,350	25,237,954	6.35	352,708,211	18,260,328	5.18
1964.....	402,710,883	37,674,522	9.36	372,163,726	26,827,910	7.21
1965.....	333,067,694	26,989,939	8.10	278,472,310	21,743,255	7.81
1966.....	418,977,934	42,843,324	10.23	302,514,549	25,338,335	8.38
1967.....	444,760,213	37,346,159	8.40	294,775,275	<sup>1</sup> 26,523,365	19.00
1968 <sup>2</sup> .....	355,797,931	72,759,673	20.45	260,036,394	<sup>1</sup> 62,170,699	<sup>1</sup> 23.91

<sup>1</sup> After extraordinary and prior period items.<sup>2</sup> Preliminary.TABLE 30.—*Transportation revenues and transportation purchased, class A freight forwarders, 1959-68*

Year ended Dec. 31—	Number of forwarders represented	Transportation revenues	Transportation purchased					Total
			Railroad	Motor	Water	Pickup delivery, and transfer	Other	
1959.....	59	\$443,273,340	\$201,720,551	\$57,327,882	\$1,049,590	\$56,612,676	\$1,433,429	\$318,144,128
1960.....	64	437,016,256	188,351,121	58,926,065	2,028,774	58,691,003	1,737,444	309,734,407
1961.....	64	442,767,684	179,144,943	60,927,786	1,642,555	60,898,444	1,813,998	304,427,726
1962.....	64	464,582,799	179,654,289	68,722,351	1,446,230	66,559,585	2,066,120	318,448,575
1963.....	60	469,647,263	167,411,216	75,752,000	7,634,500	67,339,978	2,268,089	320,405,783
1964.....	60	487,013,405	163,604,460	85,831,496	8,619,202	71,818,476	3,454,600	333,328,234
1965.....	59	459,338,760	151,210,173	72,136,335	8,448,535	71,304,108	3,359,955	306,459,106
1966.....	61	526,833,592	170,056,448	80,816,044	4,781,823	83,168,372	7,117,181	345,939,868
1967.....	63	518,815,040	158,620,694	82,850,082	3,988,775	84,044,790	7,349,096	336,853,437
1968 <sup>1</sup> .....	64	560,671,045	165,204,351	96,922,049	5,146,831	91,678,359	8,719,759	367,671,349

<sup>1</sup> Preliminary.

TABLE 31.—*Operating revenues, expenses, income, taxes, net income, and employment of class A freight forwarders, 1959-68*

Year ended Dec. 31—	Operating revenues	Operating expenses	Oper- ating ratio	Revenue from for- warder operations	Income taxes	Net income	Employees	
							Average num- ber	Compensation
Percent								
1959-----	\$129,689,016	\$122,477,876	94.44	\$7,211,140	\$3,159,029	\$3,903,103	10,881	\$56,594,835
1960-----	131,719,307	126,403,920	95.96	5,315,387	2,802,458	2,796,554	10,914	57,640,390
1961-----	143,051,861	131,926,129	92.22	11,125,732	4,388,080	6,080,013	10,749	57,561,106
1962-----	150,383,782	136,839,432	90.99	13,544,350	5,886,134	6,770,774	10,504	59,326,489
1963-----	152,229,176	139,043,972	91.34	13,185,204	5,617,260	7,281,857	10,076	59,542,205
1964-----	156,205,604	145,506,411	93.15	10,699,193	4,766,231	5,122,455	9,530	59,284,093
1965-----	155,449,613	136,525,659	87.83	18,923,954	7,482,251	11,387,606	8,457	55,188,383
1966-----	184,025,954	160,668,473	87.31	23,359,481	9,257,004	<sup>1</sup> 11,831,672	9,341	62,464,776
1967-----	185,744,660	167,270,002	90.05	18,474,658	<sup>2</sup> 8,440,132	<sup>1 2</sup> 8,592,611	9,422	66,360,489
1968 <sup>4</sup> -----	196,937,331	179,768,607	91.28	17,168,724	<sup>2</sup> 9,432,994	<sup>1 3</sup> 6,760,069	9,786	73,970,592

<sup>1</sup> Data of 1 large corporation in process of reorganization under chapter X of the Bankruptcy Act have been omitted from this item. Had such data been included, net income would be \$13,804,427, \$7,738,125 and \$5,960,477 for the years 1966, 1967, and 1968, respectively.

<sup>2</sup> Excludes income taxes on extraordinary or prior period items.

<sup>3</sup> Ordinary income, before extraordinary and prior period items. Net income is shown in table 32.

<sup>4</sup> Preliminary.

TABLE 32.—*Revenue, less taxes, from forwarder operations, net income, and rate of return of class A freight forwarders, 1959-68*

Year ended Dec. 31—	Net invest- ment in transportation property plus working capital	Revenue, less transpor- tation taxes, from forwarder operations	Ratio of revenue, less transportation taxes from for- warder opera- tions to net investment in transportation property plus working capital	Shareholders' equity	Net income	Ratio of net income to share- holders' equity
			<i>Percent</i>			<i>Percent</i>
1959.....	\$17,422,961	\$6,991,641	40.13	\$19,986,038	\$3,903,103	19.53
1960.....	17,292,301	5,049,494	29.20	19,321,019	2,796,554	14.47
1961.....	19,427,154	10,832,782	55.76	19,768,763	6,080,013	30.76
1962.....	20,384,472	13,235,199	64.93	22,010,549	6,770,774	30.76
1963.....	21,128,662	12,749,844	60.34	23,709,107	7,281,857	30.71
1964.....	19,617,800	10,262,632	52.31	19,809,507	5,122,455	25.86
1965.....	19,817,765	18,472,053	93.21	19,532,347	11,387,606	58.30
1966.....	28,294,202	22,777,532	80.50	<sup>1</sup> 20,847,351	<sup>1</sup> 11,831,672	<sup>1</sup> 56.75
1967.....	29,701,150	17,791,830	59.90	<sup>1</sup> 26,391,904	<sup>1 2</sup> 9,767,140	<sup>1 2</sup> 37.01
1968 <sup>3</sup> .....	30,687,164	16,451,194	53.61	<sup>1</sup> 23,094,715	<sup>1 2</sup> 5,917,919	<sup>1 2</sup> 25.62

<sup>1</sup> Data of 1 large corporation in process of reorganization under chapter X of the Bankruptcy Act have been omitted from this item. Inclusion of such data would have distorted ratio of net income to shareholders' equity.

<sup>2</sup> After extraordinary and prior period items.

<sup>3</sup> Preliminary.

TABLE 33.—Revenue, expenses, net income, and employment of oil pipeline companies, 1959-68

Year ended Dec. 31—	Number of companies represented	Operating revenues	Operating expenses	Operating ratio	Taxes		Net income	Employees <sup>1</sup>	
					U.S. Government <sup>2</sup>	Other than U.S. Government		Average number	Compensation
1959.....	78	\$735, 078, 934	\$383, 431, 867	Percent	\$107, 721, 036	\$35, 271, 783	\$183, 345, 650	22, 152	\$152, 811, 552
1960.....	82	756, 330, 961	405, 465, 693	52.12	114, 753, 937	37, 490, 373	171, 683, 299	21, 321	150, 577, 190
1961.....	84	770, 066, 992	407, 107, 830	53.61	110, 717, 562	39, 647, 062	181, 352, 272	20, 245	150, 715, 010
1962.....	87	789, 492, 543	412, 831, 049	52.87	114, 541, 058	40, 635, 975	201, 319, 617	19, 197	145, 108, 799
1963.....	89	814, 766, 331	423, 690, 388	51.99	123, 904, 364	42, 966, 747	196, 131, 410	18, 157	144, 284, 582
1964.....	85	840, 802, 853	485, 413, 141	57.73	115, 417, 074	46, 106, 858	206, 468, 978	17, 676	142, 830, 552
1965.....	84	879, 592, 867	497, 350, 368	56.54	133, 786, 922	48, 470, 554	215, 462, 204	15, 635	141, 267, 362
1966.....	82	916, 020, 258	515, 461, 160	56.27	131, 677, 748	51, 303, 986	232, 912, 675	16, 180	140, 655, 347
1967.....	85	966, 822, 279	546, 363, 904	56.51	\$ 127, 798, 758	\$ 54, 062, 200	\$ 248, 033, 459	15, 868	145, 190, 591
1968 <sup>3</sup> .....	92	990, 490, 638	577, 457, 465	58.30	\$ 115, 816, 527	\$ 59, 116, 713	\$ 252, 787, 370	15, 958	153, 080, 427

<sup>1</sup> Includes employees of pipeline departments of 5 large oil companies.<sup>2</sup> Includes Federal income taxes, which prior to 1964 were not separable in published statistics from other U.S. Government taxes. In 1968 Federal income taxes were \$111,762,261.<sup>3</sup> Excludes income taxes on extraordinary and prior period items.<sup>4</sup> Ordinary income, before extraordinary and prior period items. Net income is shown in table 34.<sup>5</sup> Preliminary.



TABLE 34.—*Net revenue from operations, net income, and rate of return of oil pipeline companies, 1959-68*

Year ended Dec. 31—	Net invest- ment in transportation property plus working capital	Net revenue from opera- tions	Ratio of net revenue from operations to net investment in transporta- tion property plus working capital	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
			<i>Percent</i>			<i>Percent</i>
1959.....	\$2,017,783,357	\$352,247,067	17.46	\$1,040,348,423	\$183,345,650	17.62
1960.....	2,062,179,655	350,864,968	17.01	1,092,711,519	171,683,299	15.71
1961.....	2,108,244,322	362,959,162	17.22	1,114,677,494	181,352,272	16.27
1962.....	2,130,753,535	376,661,494	17.68	1,145,901,795	201,319,617	17.57
1963.....	2,467,844,940	391,166,943	15.85	1,229,182,428	196,131,410	15.96
1964.....	2,433,869,953	355,389,512	14.60	1,292,956,889	206,458,978	15.97
1965.....	2,481,487,161	382,242,499	15.38	1,325,968,889	215,462,204	16.25
1966.....	2,698,822,816	400,559,108	14.84	1,411,989,044	232,912,675	16.50
1967.....	2,824,885,746	420,818,375	14.90	1,451,081,727	<sup>1</sup> 256,257,381	<sup>1</sup> 17.66
1968.....	3,077,980,684	413,033,173	13.42	1,569,491,867	<sup>1</sup> 254,121,073	<sup>1</sup> 16.19

<sup>1</sup> After extraordinary and prior period items.

# INDEX

For matters pertaining to one of the following modes look under the names of the particular modes: Air Carriers; Freight Forwarders; Motor Carriers; Pipelines; Private Carriers; Rail Carriers; Water Carriers. For general matters, look in the main alphabet.

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84th Annual Report to Congress

1970

INTERSTATE COMMERCE COMMISSION

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84th Annual Report of the  
**INTERSTATE  
COMMERCE  
COMMISSION**

*Fiscal Year Ended June 30, 1970*



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## THE COMMISSIONERS

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W. DONALD BREWER

ROBERT L. OSWALD, *Secretary*



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Interstate Commerce Commissioners (left to right) Gresham, Deason, Bush, Murphy, Hardin (Vice Chairman), Stafford (Chairman), Tuggle, Walrath, Brown, Jackson, Brewer.





*To the Congress of the United States:*

It is my pleasure to submit the eighty-fourth Annual Report of the Interstate Commerce Commission, in accordance with section 21 of the Interstate Commerce Act. This report documents Commission activities and accomplishments during fiscal year 1970.

The report generally embraces the 1970 fiscal year ended June 30, 1970, except in the discussion of significant actions that transcend the 12-month period or where necessary to conform to various statistical analyses.

The statement of appropriations and aggregate expenditures for the 1970 fiscal year appears in appendix F.

*Respectfully,*

GEORGE M. STAFFORD  
*Chairman*

# THE COMMISSION

Under authority of Reorganization Plan No. 1 of 1969, President Nixon on May 13, 1970 appointed Acting Chairman George M. Stafford the first permanent chairman of the Interstate Commerce Commission. The chairmanship had been rotated annually among the Commissioners. Commissioner Dale W. Hardin was chosen by the Commission to serve as Vice Chairman. Robert C. Gresham took the oath of office December 15, 1969, succeeding the late Commissioner Wallace R. Burke. On July 23, 1970, the Commission was brought up to full strength when W. Donald Brewer succeeded Paul J. Tierney, whose term of office had expired.

The Commissioners serve staggered 7-year terms. Their terms of office and States of legal residence are as follows:

George M. Stafford, <i>Chairman</i> .....	Kansas .....	Apr. 26, 1967	Dec. 31, 1973
Dale W. Hardin, <i>Vice Chairman</i> .....	Illinois .....	July 31, 1967	Dec. 31, 1972
Kenneth H. Tuggle.....	Kentucky.....	Sept. 8, 1953	Dec. 31, 1975
Rupert L. Murphy.....	Georgia.....	Dec. 30, 1955	Dec. 31, 1971
Laurence K. Walrath.....	Florida .....	Mar. 29, 1956	Dec. 31, 1970
John W. Bush.....	Ohio.....	Apr. 3, 1961	Dec. 31, 1971
Virginia Mae Brown.....	W. Va. ....	May 25, 1964	Dec. 31, 1970
Willard Deason.....	Texas .....	Sept. 8, 1965	Dec. 31, 1972
Donald L. Jackson.....	Calif. ....	Mar. 20, 1969	Dec. 31, 1973
Robert C. Gresham .....	Maryland .....	Dec. 15, 1969	Dec. 31, 1974
W. Donald Brewer.....	Colorado .....	July 23, 1970	Dec. 31, 1976



## INTRODUCTION

Congress needs no reminder of how social restiveness and strident—sometimes violent—dissent confronted government at all levels this year. Needless to say, the Commission did not go unscathed. We are proud to report, nevertheless, that great strides were made in the Nation's transportation, particularly in those aspects where the public is most directly concerned. These include the movement of household goods, loss and damage claims, railroad car service, passenger trains, small shipments, consumer service and the rising cost of living. Though the economy in general ran into a slowdown, and the cost of doing business, including interest rates, pressed upward, the transportation function was performed, for the most part, reliably and economically. In fact, transportation subject to Commission regulation scored impressive gains in ton-mile performance, with a concomitant increase in revenues.

In exercising our regulatory assignment we are an extension of Congress, implementing its intent as expressed in the National Transportation Policy and the several statutes. The Congressional policy, in brief, requires us to promote safe, adequate, economical and efficient service at reasonable rates, and foster sound economic conditions among the carriers. Therein lies the will of Congress, and, as observed by the Supreme Court,<sup>1</sup> it is our guide to the public interest. The report that follows reflects our commitment to its implementation.

Vital in this commitment are the dramatic changes being made within the Commission itself—in its leadership, staff and operations. A permanent chairman designated by the President—and reinforced with augmented authority—has replaced the former

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<sup>1</sup>In *McLean Trucking Co. v. U.S.*, 321 U.S. 67, 82.

system of annual rotation among the Commission members. New direction with continuity and follow-through supervision should result. Our staff's organization and functions are being redrawn to keep pace with the regulatory requirements of the Nation's burgeoning and ever-evolving transportation, and to provide better, quicker service to the public and Congress as well as the Commission. And by a continuing self-analysis we are seeking more effective and efficient ways to perform our regulatory responsibilities.

The need for our regulation is perhaps most acutely and directly felt by the average citizen, when he has to move his household goods. Only an occasional shipper, the ordinary householder is out of his depth in dealing with the moving company and providing for the care and insurance of his possessions. To protect the shipping public, while providing for improved service at terms fair to householder and carrier alike, we are proceeding on many fronts: Our new rules, forged over lengthy litigation, went into effect this year, providing for, among other things, simplified instruction of the shipper, and more stringent service standards; our field staff is conducting a nationwide surveillance to see how effective the rules are; we are proceeding with our rulemaking study of the carrier-agent relationship, aimed at ferreting out instability and irresponsibility; we began a separate rulemaking proceeding on loss and damage claims to look into all aspects of handling such claims by regulated carriers. Our comprehensive inquiry will also consider, among other things, what steps should be taken to protect shippers, both large and small, from the unilateral imposition by carriers of arbitrary loss and damage claim rules and practices.

In addition, we have underway a broad program to improve the quality of motor carrier service in general. The small shipments problem was attacked from several angles—we issued new regulations to defeat carrier attempts at limiting service obligations through tariff rules and rates, and are challenging suspected tariff publications; also, in new operating authorizations, we are specifying requirements for service and for reports on nonperformance; and we instituted a formal rulemaking on the feasibility of requiring the carriers to maintain a daily account of all requests for service and reasons for any failure of performance.

The lowly freight car—never dramatized, seldom heralded—has been an enigma in transportation since before the days of government regulation. Always in great demand, it would appear to

warrant the Nation's highest priority in the acquisition of transportation facilities; yet, through the years, the public attention and support have gone out to more exotic projects—many of them, the freight car's competitors. We have concluded that a way toward a solution is through better distribution and adequate compensation. And we have redoubled our efforts on both points. Many of the car service rules previously voluntary were made mandatory. Our basic per diem formula was sustained by the Supreme Court after long litigation. Daily rentals for the use of one carrier's cars by another will now be on a time and mileage basis. An incentive per diem program was instituted. Our car service agents, too few in number, are scrambling to detect hitches in the flow of cars and to anticipate possible bottlenecks. Emergency car service orders are brought to bear as needed to correct imbalances. With these and other measures we seek to stimulate, over a period of time, both an increase in the car fleet and a more efficient utilization of the available fleet.

The passenger train picture is bright in the sense that a definitive Federal program to deal with this chronic problem has been conceived and is under serious consideration by Congress. A change in Federal policy is now more urgently needed than ever if the intercity passenger train is to survive, for passenger operations under present conditions are imposing on interstate commerce a strain so devastating that it cannot long be endured. For more than a decade this Commission has sought to gain the attention of Congress in this matter—in 1959, recommending various measures for Federal, State and local aid in alleviating the problem, in 1962, urging direct Federal grants to preserve essential service; in 1968, pressing for policy changes, noting in a special report that present programs—public and private—could not reverse the decline in service. These and other recommendations did not receive affirmative action. And the deterioration proceeded. Now the crisis has reached the point that more than only the passenger train is at stake.

The incessant pressure of costs upon the carriers was translated into a series of general freight rate increase proposals. Fully cognizant of the public concern over the rising cost of living, we subjected these proposals to the anvil and hammers of protestants representing the broadest spectrum of public and consumer interests; and after heated litigation, we countenanced only such



increases as were warranted by proven revenue need measured by public interest standards, including such things as fair employee compensation and working conditions and potential traffic diversion.

Even with the authorized rate increases, some parts of the transportation system were unable to generate returns at a sustenance level, much less a level needed for growth. A major casualty was Penn Central, one of the Nation's largest railroads, which filed for reorganization in June. While the carrier itself will have difficulties for some time, we do not anticipate that the traffic involved—something less than five percent of the Nation's intercity ton miles—will be imperiled. In the second year of its merger—programmed for full integration in 8 years—this railroad was unable to overcome its start-up problems and, at the same time, the unanticipated rigors of the present economy. As pointed out in our first Penn Central merger report,<sup>2</sup> railroads are among the industries first to suffer loss of income in periods of business cut-backs; because of their heavy reliance on the sensitive basic industries for volume traffic, and because of inherent characteristics of their own, railroads generally cannot quickly contract costs in proportion to volume of traffic, and are extremely sensitive even to a slowdown in the economy. We are urging the passage of pending legislative proposals designed to provide financial aid to railroads during these critical times.

For some time prior to the petition in reorganization we were conducting an informal investigation of Penn Central's accounts and activities as part of our industrywide survey of corporate conglomerates. That investigation has been formalized and intensified. During the past year we conducted several pilot investigations of rail and motor carrier conglomerates and, on the basis thereof, formulated a detailed plan on what to look for in carrier-related diversified conglomerates, and how and where to find relevant information. A number of formal investigations were instituted and are now in progress.

The gamut of Commission activities consists of one encounter after another with transportation problems and the people concerned with them. The business of regulation is to deal with problems. Our annual report, therefore, is in large part, an account of

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<sup>2</sup> *Pennsylvania R. Co.—Merger—New York Central R. Co.*, 327 I.C.C. 475, 498.

problems and of how we have proceeded toward their resolution. For Congress, the general public, consumers and shippers, this report provides reassurance that the transportation needs of the people and the commerce have been and can continue to be met, and transportation problems—large or small—can be resolved, within the framework of our established governmental institutions.

## SPECIAL AREAS OF PUBLIC SERVICE

The entire concept of regulation of interstate commerce is based on service to the public. Yet there are special areas that require concentrated attention that often is not limited to the confines of formal decision making. These areas include freight car shortages, household goods movements, small shipment problems, and direct assistance to consumers, especially in obtaining loss and damage information and in processing informal complaints.

### Freight Car Shortages

Technological improvements and heavier loadings per car are helping the railroads move more tonnage with less rolling stock, but these advancements cannot compensate for the lack of balance which results when the industry attempts to handle a volume that is one-fourth greater than 15 years ago with one-fourth fewer boxcars. Severe car shortages are the logical result. Despite the resulting disruptions, this fiscal year provided opportunity for the Commission to make effective progress in sharpening the tools to cut through some major obstacles surrounding this problem.

For the first time, the Commission obtained clear sanction<sup>1</sup> of its authority to establish basic per diem levels,<sup>2</sup> the fees charged by a railroad while its cars are on another's line. The per diem authorized in this case was based on both daily and line-haul mileage charges. The Commission also developed incentive charges for rail cars applicable from September through February of each year to encourage acquisition of an adequate car supply.<sup>3</sup> The de-

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<sup>1</sup> 396 U.S. 27.

<sup>2</sup> *Chicago, B. & Q. R. Co. v. New York, S. & Western R. Co.* (332 I.C.C. 176).

<sup>3</sup> *Incentive Per Diem Charges—1968* (337 I.C.C. 217).



cision required that if incentive per diem funds received by a railroad exceed what it paid out, the difference should be earmarked for the purchase, building, or rebuilding of general service, unequipped boxcars.

In addition to the formal proceedings clarifying basic and incentive per diem authority of the Commission, a third decision<sup>4</sup> prescribed a formula for determination of adequate car ownership and established Federal rules for car service. The rules were virtually the same as those formulated by the railroad industry some 54 years ago, but they were never fully observed by the carriers. Through the years the Commission yielded to pleas from the carriers that they be given an opportunity to enforce their own car service rules and to acquire necessary cars. The commitments of the carriers have not been fulfilled. Court action postponed the planned institution on July 1, 1970, of two of the rules (Nos. 1 and 2), but the other five prescribed rules, an exception to the prescribed rules, and the requirement for the collection of data for application to the approved car-ownership formula became effective March 27, 1970.

These formal actions represented the first new factors of significance that have been added to our program to meet and help reduce the car shortage problem. It will be some time, though, before their contributions can take full effect.

It should be recognized that neither these measures, nor all of the Commission's authority (section 1, sub-sections 10-17 of the act), can provide the means to order railroads to purchase freight cars for augmentation of their individual fleets.

Up to this point, most of our actions have been directed toward equitable distribution of the available car supply, which had the effect of insuring that at least the prevailing shortages were suffered on a parity basis. Regional and national shortages, however, still persist even with our efforts to prevent violations of our various orders. Such violations have resulted in the assessment of penalties of some \$500,000 annually. Our enforcement activities and issuance of a wide range of emergency orders simply cannot compensate for shrinkage of the car fleet (see tables 4 and 4a, pages 130 and 131).

Although the total car fleet continues to decline, railroads are

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<sup>4</sup>*Investigation of Adequacy of Freight Car Ownership* (335 I.C.C. 264, 874).

purchasing increasing numbers of special service cars, such as equipped box, flat and tank cars. Unfortunately, the growing use of specialized cars often results in a diminishing number of boxcars. It is the plain boxcar that is most in demand during a freight car shortage.

Early in May 1970, in conjunction with an announcement by the President's Office of Emergency Preparedness concerning the anticipated tight supply of electric power, the Commission issued its plans to prevent the misuse of the supply of coal cars. The Commission stated it would exercise its statutory authority to accord priority for the use of hopper cars for the movement of coal to utility companies, as necessary to prevent electrical power disruptions.

In addition to the obvious fact that the total car supply was inadequate to meet shippers' needs, car shortages were developed and intensified by the fluctuating business economy, severe weather conditions, bumper agricultural harvests, labor disputes, motive power shortages, and derailments. Operational problems cut deeply into efficiency and one quick result was an intensification of regional car shortages.

To help reduce the severity of this year's shortages, we extended several previous service orders and issued some new ones. One order whose expiration date was extended required the return of empty covered hopper cars to the owners. However it also provided an exception so that such cars can be utilized for additional loading with the concurrence of the owners. Orders were also issued restricting the loading of plain boxcars, owned by specified railroads, to traffic destined to stations on the owners' lines.

Several quota boxcar distribution directives were used to obtain equitable distribution of the supply of empty cars. Embargoes were utilized where car accumulation and congestion were causing undue delays.

Often the service orders issued under the Commission's emergency powers can provide quick relief for some car shortage problems. At times, the service orders must remain in effect for longer periods of time. As an example, Service Order No. 1009, which went into effect in October 1968, requires expedited handling of rail cars on a nationwide basis. Carriers must move their cars to terminals and yards within certain time limits, place them for loading or unloading, and pull them from the shippers' and consignees' tracks promptly, once they have been loaded or unloaded.

Railroads alone are not responsible for car shortage problems. Shippers have a wide involvement, through their practice of using freight cars for warehouse purposes. Shippers also have often used railroad cars as handy receptacles for indiscriminate dumping of trash. Leaving packing and crating materials in cars has added to the car shortage problem because a car that has not been completely unloaded is one less unit that could be performing effective service. In October 1969, the Commission issued a statement cautioning carriers and shippers that Rules 14 and 27 of the *Uniform Freight Classification* require complete unloading from rail cars, not only of the lading, but also of dunnage, debris and other foreign matter. This action resulted in the saving of thousands of car days during the year. A formal proceeding involving the dirty car problem was instituted in February 1970, in Docket No. 35237, *Consignees' Obligation to Unload Rail Cars in Compliance with Carriers' Published Tariffs*. The proceeding has under consideration tariff provisions requiring consignees to unload freight cars, including the packing connected with inbound shipments.

All of these actions of the Commission—formal and informal, administrative and regulatory—can neither prevent nor cure all freight car shortages. More will occur even if the car fleet is expanded significantly. Indeed, there is a question concerning the optimum size and structure of the car fleet and at what point adequate standby capability to serve all shipper requests becomes an excess capacity that is not sufficiently productive. At this time, though, the primary question concerns how to encourage development of an adequate car fleet that will enable carriers of all modes to provide the service envisioned by the National Transportation Policy. We think our actions in this fiscal year will result in positive moves toward that goal.

## Movement of Household Goods

To protect the public from the various abuses plaguing the moving industry, we adopted new rules to give the householder shipping his cherished possessions greater protection than ever.<sup>5</sup> The revised regulations are aimed at full disclosure between the mover and his customer before the move begins, as well as during

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<sup>5</sup> *Practices of Motor Common Carriers of Household Goods* (111 M.C.C. 427).



the entire course of the move. They were put into effect on June 1, 1970.

The major provisions include:

*Reasonable Dispatch.*—Transportation is, for the first time, required to be performed on the dates, or during the period of time, agreed upon by the carrier and the householder. If a delay in either the pickup or delivery of the goods does occur, the carrier must notify the householder and explain the reasons for the delay; and the parties must then agree upon when the service will be performed.

*Estimating.*—The carrier is required to give an estimate on a standard form upon the request of the householder. If, thereafter, the charges exceed the estimate, the carrier must, if requested by the householder, relinquish possession of the shipment upon payment of the estimated charges plus 10 percent, and extend 15 days of credit for such charges as exceed the estimate by more than 10 percent. This avoids storage and redelivery charges which have resulted when full payment could not be made.

*Shipping Documentation.*—An order for service, containing substantially the same information that will be incorporated in the bill of lading, must be prepared prior to the movement. The bill of lading, which is executed at the time of shipment, is required to show the agreed dates or periods of time required for compliance with the reasonable dispatch rules, the estimate of charges as well as the maximum amount required for delivery of the shipment, and the entry of the weight of the vehicle prior to loading the shipment.

*Determination of Weights.*—A cumulative vehicle-load manifest, designed to halt inaccurate weights, must be maintained for each vehicle used in the carrier's operations. The use of constructive weights (where no scale is available) is strictly limited and must be reported to the Commission.

*Claims.*—No language releasing the carrier from liability may be contained in the delivery receipt. This protects a customer from signing away his rights to obtain possession of his goods. The carriers must notify the Commission periodically of the status of all pending loss and damage claims and the reasons for delays in processing.

*Early Delivery.*—The tender of a shipment for early delivery is prohibited except as agreed to by the householder. The carrier,

however, is allowed, at its option and subject to certain conditions, to place the shipment in storage for its own account and at its own expense for delivery at the agreed delivery time.

*Information Booklet.*—The carrier is required to give each prospective customer a new booklet (BOP 103), which informs the householder in understandable language what he may expect from the carrier and what the carrier expects from him. (See *Household Goods*, page 52.)

## Small Shipments

Service failures which have come to be characterized as the small shipments problem are related in different degrees to all transport modes, but most of these shipments are more susceptible to handling by truck. We have continued to seek legislative authority from the Congress to require motor common carriers to participate in joint rates and through routes on intramodal and intermodal bases. We also have undertaken a positive program to improve the quality and quantity of service available to the public from the regulated motor common carrier industry.

On March 3, 1970, the Commission issued a new regulation compelling motor carriers of property to meet their responsibility in providing transportation service to the full extent of their operating authorities. The rule enforces the carriers' fundamental obligation to the public by forbidding the filing of tariffs restricting the scope of operations to less than we have authorized. It requires them to maintain tariffs providing for services in strict conformity with the operating authorities issued to them by the Commission.

In *Terminal Transport Co., Inc., Ext.—Michigan Points* (111 M.C.C. 343) we found the service provided by protestants on interline shipments deficient because of self-imposed limitations and restrictions in the connecting carriers' operations (particularly their refusal to accept less lucrative freight consisting of certain low-density commodities and less-than-truckload shipments). We approved an extensive grant of operating authority, representing our affirmative utilization of licensing and entry controls to encourage carrier responsiveness to shippers' needs.

Our interest in improving the transportation services available to the public from carriers subject to our jurisdiction is fur-

ther evidenced by our institution of a rulemaking proceeding in *Maintenance of Service Request Records by Motor Common Carriers of Property* (Ex Parte No. MC-80). This proceeding, now pending, was initiated to consider the need for requiring all motor common carriers of property to maintain a written record of all requests for service and to explain the reasons for each failure to provide requested service. We will explore in this proceeding the extent to which the proposed rule may help to determine and resolve the nature and scope of the failure of certificated motor common carriers to provide the shipping public with reasonably continuous and adequate service. (See page 58, *Parcels—Package Delivery*.)

## Assistance to Consumers

More than half of the complaints against carriers which we receive from shippers concern loss and damage. Historically it has been held by the Commission and recognized by the courts that we have no authority to determine the liability of carriers or the measure of damages. These matters are ultimately for disposition in the courts.

Carrier practices in handling such claims, however, have been the subject of Commission regulation. For example, household goods carriers now are required to acknowledge claims within 30 days and make some disposition of them within an additional 90 days, or notify the claimant and the Commission why this cannot be done.

A recent change in the practices of railroads', motor carriers' and freight forwarders' determination of the amount of concealed damage claims to be paid voluntarily has developed into a formal investigation.<sup>6</sup> It will include a general inquiry into the Commission's jurisdiction over loss and damage and the need for regulations on the general handling of such claims.

Informal complaints handled by the Bureau of Traffic increased to a total of 3,007 during the fiscal year. Many of these resulted in refunds of overcharges by carriers. Others, after informal handling with the carriers, were concluded with adjustments of claims for loss and damage to freight. The Section of Rates and Informal

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<sup>6</sup> *Rules, Regulations, and Practices of Regulated Carriers with Respect to the Processing of Loss and Damage Claims* (Ex Parte No. 263).



Cases prepared and distributed an explanatory statement to hundreds of complainants notifying them of their rights and interests in Ex Parte No. 263.

Requests for authority to refund freight charges or waive collection of those alleged to be unreasonable were made in 309 special docket applications. Refunds were authorized in 240 cases. Reparations awarded totaled \$967,321.71. The largest single award was \$197,395, covering 63 carloads of lignite char.

## PASSENGER SERVICE

### Railroad Adequacy of Service

The quantity and quality of passenger train service have deteriorated progressively during recent years until there are relatively few trains left, and fewer still which offer reasonably adequate service. Leading the list of multiple causes is the financial drain carriers have experienced by providing this service. The trains do not earn enough to cover their expenses and their facilities and operations do not have government support comparable to the long-accepted public programs associated with other modes of transportation.

By contrast with the general trend, the improved service provided by the Penn Central's Metroliner and TurboTrain attracted passengers. During the first full year of operation of the Metroliner, rail passenger traffic between New York and Washington registered the first increase since 1953. Both trains have operated at more than 65 percent occupancy, as compared with an average of 25 to 30 percent for rail passenger service in general. Since its inauguration on April 8, 1969, TurboTrain service between New York and Boston has been limited to one round trip daily and special weekend and holiday service during the summer. The Metroliner, which began operations on January 16, 1969, with one round trip daily between New York and Washington, D.C., now has six. The project has been financed in small part through a DOT grant.

The present Federal law (section 13a of the Interstate Commerce Act) specifically limits our jurisdiction over passenger trains to prohibiting carrier-proposed changes or discontinuances; but it does not empower us to direct changes or require a particular quality of service.<sup>7</sup> We have recommended legislation to extend

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<sup>7</sup> This jurisdictional matter is discussed at length in *Adequacies—Passenger Service—Southern Pac. Co.* (335 I.C.C. 415). However the State of California and others have appealed the case to the United States District Court for the Northern District of California, Southern Division, contending that we do have jurisdiction to prescribe standards of service to be provided by passenger trains.

our jurisdiction over quality of service and to improve both passenger train service and the regulatory procedures for dealing with it.

This follows upon yearly reiterated recommendations for amendment of section 13a by us and others. A number of bills have been introduced in Congress to expand Federal jurisdiction over passenger train service. (See page 104.)

## **Railroad Discontinuances (Cases)**

The railroads continued their proposals to discontinue passenger trains at a high pace during the year. Forty-two notices, proposing 208 trains for discontinuance, were filed this year. This constitutes the second largest number of trains in any year since enactment in 1958 of section 13a.

The pace of passenger train discontinuance proposals reflected the trains' poor operating results. In past years, a major source of income from operating passenger trains came from mail contracts and transportation of express matter. The Post Office Department has, during recent years, removed much of the mail from the trains. Express revenue also has dropped substantially or disappeared from some railroads. As a result the deficits incurred in operating most passenger trains show steady increases from year to year. These mounting deficits, together with the tight money situation and resulting high interest rates coming as they have upon already straitened circumstances, have placed a number of railroads in a precarious financial situation.

The Penn Central Transportation Company, recognizing its financial bind, as later reflected by its petition for reorganization under section 77 of the Bankruptcy Act, filed notices to discontinue 75 passenger trains.

Action taken during the year with respect to these 75 trains resulted in 3 trains being discontinued and 4 required to be continued. At the end of the fiscal year the others were being operated under Commission orders pending completion of investigations or court orders pending appeal.

The California Zephyr once again came before the Commission for discontinuance. These trains run between Chicago, Ill. and San Francisco, Calif., in joint-line service by the Burlington Northern, the Denver & Rio Grande Western, and the Western Pacific.



## Discontinuance proceedings (interstate) —section 13a(1)

	Fiscal year—													Total
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970		
Notices filed	<sup>1</sup> 30	21	14	16	13	21	24	31	33	73	52	39	367	
Trains Discontinued	24	89	20	50	14	89	47	96	53	117	120	49	768	
Trains Required to be continued	14	11	6	26	9	13	11	250	18	39	31	103	531	
Dismissed or Withdrawn	5	2	8	0	8	8	10	107	86	12	3	2	251	

<sup>1</sup> Includes 2 ferries.

The Western Pacific, between San Francisco and Salt Lake City, Utah, operated its Zephyr trains at a deficit in excess of \$1 million in 1967 and 1968, and at a substantially increasing deficit in 1969, expected to reach \$2 million. The railroad's working capital had fallen to a deficit of \$3.2 million and its overall operation in 1969 produced a deficit of \$1.6 million. Continued operation of the trains would have constituted an undue, if not lethal, burden upon this railroad, and Western Pacific's proposal to discontinue was permitted to take effect. However, the Zephyr is one of the most heavily patronized long-distance rail passenger services in existence and its through service was preserved on a thrice-a-week basis, by having the Southern Pacific Company coordinate its City of San Francisco trains with the D&RGW's Zephyr and moving the interchange point from Salt Lake City to Southern Pacific's eastern terminus at Ogden, Utah. D&RGW is now operating its Zephyr trains between Ogden and Denver. We have reopened the Zephyr proceedings to investigate the type of passenger interchange being provided at Ogden. Pending investigation of its proposal to drop its Zephyr trains, the Burlington Northern (successor to the C.B. & Q.) was permitted to change its service between Denver and Chicago to a tri-weekly basis on a schedule coordinated with the D&RGW for through service over Denver. On June 4, 1970, the District Court for the Northern District of Illinois remanded all three cases <sup>8</sup> to us for further hearing, on the basis that the Zephyr

<sup>8</sup> Finance Docket No. 25784, Western Pacific; Finance Docket No. 25675, Denver & Rio Grande Western; and Finance Docket No. 26088, Burlington Northern.

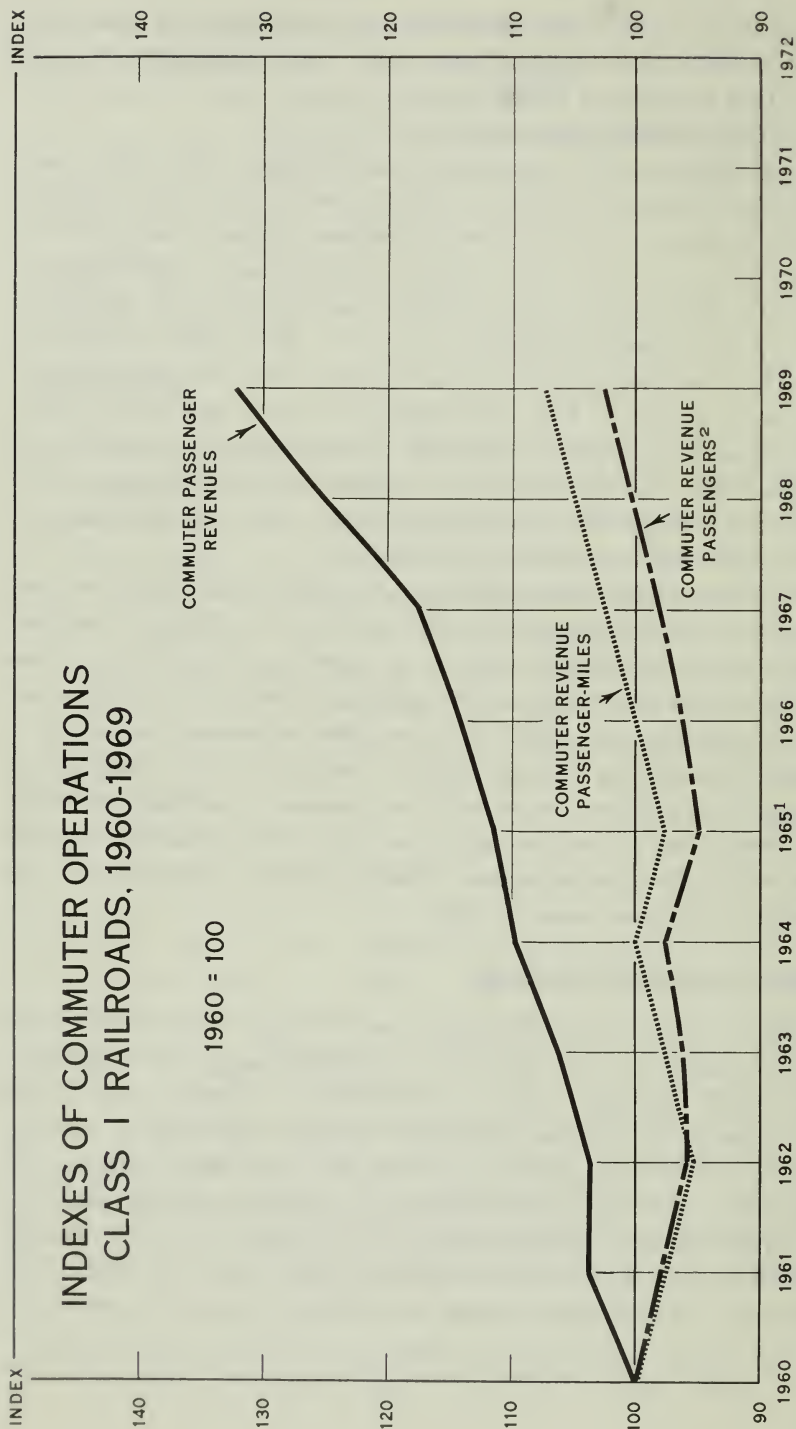
represents one train, and none of the three railroads operating Zephyr trains can be treated separately. The Commission has appealed this decision as being contrary to the intent of the statute and to long-standing precedent.

The Commission did not permit the Chicago, South Shore and South Bend Railroad to effect its plan to reschedule or discontinue some 55 commuter trains operating between Chicago and points in nearby Indiana. The trains carried approximately 3,300,000 passengers in 1968 and it was not shown that the proposed change of service would provide adequate service for the public. Savings to be realized by giving effect to the revised plan of operating the trains were minimal. The Commission required that all 55 trains be continued on existing schedules for 6 months. At the end of that time the railroad may file a further notice proposing a revised service designed to realize economies and still provide adequate service for the needs of the public.

The Mainstreeter trains between St. Paul, Minn., and Seattle, Wash., were again required to be continued. Although the railroad incurred substantial deficits in operating the trains, it was found that the railroad had downgraded the service of the trains. The Commission has ruled—in a number of cases—that when a railroad downgrades service for the purpose of discouraging patronage, its resultant losses will be considered self-inflicted and not constituting an undue burden on interstate commerce for the purpose of relief under section 13a of the act. The railroad appealed this decision to the courts.

## **Railroad Commuter Service**

Railroad commuter patronage and revenues continued to increase modestly as depicted in the accompanying graph. The average railroad passenger now travels a shorter distance per trip. In 1959, passengers on class I line-haul railroads traveled an average distance of about 63 miles; by 1969, the figure had fallen to 41 miles, the lowest level since 1934. At the same time there has been an increase in the average number of passengers per train, rising from 98 in 1959 to 114 in 1969. Both trends reflect the increasing importance of commuter service in railroad passenger operations.



<sup>1</sup>DATA PRIOR TO 1965 SHOULD BE ADJUSTED FOR CHANGE IN NUMBER OF CLASS I RAILROADS. FOR DETAILS OF 1964 ADJUSTMENT, SEE BOTH ANNUAL REPORT TO CONGRESS.

<sup>2</sup>THE NUMBER OF COMUTER PASSENGERS ARE REPORTED BECAUSE A SUBSTANTIAL NUMBER OF SUBURBAN SERVICE PASSENGERS ARE REPORTED AS INTERCITY.

SOURCE: BUREAU OF ACCOUNTS, STATEMENT Q-220 (OS-8).



## Motor Carrier Economic Aspects

Operating in a somewhat slower economy, class I buses in 1969 hauled some 25.1 million fewer passengers than in 1968, but recorded a \$32.9 million increase in total passenger revenues. A significant portion of this increase resulted from a nationwide bus fare increase which became effective April 15, 1969. Most of the revenue increase was accounted for by intercity regular-route schedules. Charter or special services, in contrast to the other bus passenger services, recorded increases in both number of passengers carried and bus miles operated, as shown in the following table. These operations now account for some 8.6 percent of the

Passenger operations of class I motor carriers of passengers, 1969 and 1968<sup>1</sup>

	1969	Year 1968	Percent change
	Millions	Millions	
Total:			
Revenue passengers	538.9	564.0	-4.5
Passenger revenues	\$731.2	\$698.3	+4.7
Bus miles operated	1,051.3	1,071.8	-1.9
Intercity schedules:			
Revenue passengers	151.8	158.8	-4.4
Passenger revenues	\$497.8	\$478.8	+4.0
Bus miles operated	763.9	785.0	-2.7
Local and suburban schedules:			
Revenue passengers	340.6	359.7	-5.3
Passenger revenues	\$123.9	\$120.4	+2.9
Bus miles operated	141.6	149.8	-5.5
Charter or special service:			
Revenue passengers	46.5	45.5	+2.2
Passenger revenues	\$109.5	\$ 99.1	+10.5
Bus miles operated	145.8	137.0	+6.4

<sup>1</sup> From 1950 to 1968, the Commission defined class I motor carriers of passengers as those with average annual operating revenues of \$200,000 or over. However, in 1969 by Commission Order No. 35045, the classification of motor carriers was amended, and class I motor carriers of passengers now must have average annual operating revenues of \$1,000,000 or more. This change in classification therefore makes the passenger operations tables in previous annual reports incomparable with the table incorporated above. The original data for 1968 have been adjusted for comparison with 1969.

Source: Bureau of Accounts, Annual Statement A-750.

total passengers moved, 15 percent of the total revenues, and approximately 14 percent of the total class I bus miles. While charter or special services handled only one-eighth as many passengers as the number moving under local and suburban schedules, they generated nearly as much passenger revenue. The increase in educational travel tours, military charters, and travel to special events

are the factors stimulating the continued growth of charter services.

Local and suburban schedules recorded the sharpest decline in terms of passengers carried and bus miles operated. The decline is attributed to competition from the private automobile and the tendency of long-haul bus carriers (who dominate the class I statistics) to divest themselves of short-haul operations.

## Motor Carrier Cases

Two pending rulemaking proceedings, Ex Parte No. MC-29 (Sub-Nos. 1 and 2), are designed to study the development of new guidelines for motorbus service. In the Sub-No. 1 proceeding, the bus industry proposed regulations to define the services that may be performed under authority to transport passengers in special operations. The Sub-No. 2 case deals with industry proposals to define the terms, conditions, and restrictions embraced in licenses issued brokers of motorbus service. In both proceedings the hearing officers recommended against adoption of interpretive rules and regulations.

In *Fox River Bus Lines, Inc., Investigation of Operations* (110 M.C.C. 423) we determined upon reconsideration that charter transportation of such groups as a fraternal organization, an industrial group, the Boy Scouts, a newspaper group, a YMCA group, a military group, and a professional baseball team was not within the school bus exemption of section 203(b)(1) of the act. The phrase "school children" contained in that exemption also was held not to include college students or a group from a so-called "church-school."

Four criteria were noted for the school bus exemption: The operation must (1) be directly connected with and contribute to the educational development of school children, (2) be sponsored by the school and supervised by school authorities, (3) be considered an official school function, and (4) be performed in vehicles employed solely in transporting school children and teachers. Respondent's charter transportation of groups from a grade school, a high school, and a public school system clearly met the first three criteria. However, inasmuch as respondent's buses had been used for the charter transportation of all the groups previously mentioned, a question arose as to whether such vehicles qualify as "vehicles employed *solely* in transporting school children and teachers." This depends upon whether any use for a non-school

function renders the bus ineligible for use under the exemption or whether the bus may be considered to be within the exemption if used solely for the transportation of school children and teachers on a particular trip. We decided that this question is of such importance to the motorbus industry generally that the issue should be resolved in a rulemaking proceeding, and we initiated Ex Parte No. MC-78. The determination of the lawfulness of Fox River's operation was held open pending final determination of the rulemaking proceeding.

Important trends with regard to ordinary regular-route motorbus versus limousine transportation were reflected in *Connecticut Limousine Service, Inc., Modification* (110 M.C.C. 830), and *Horizon Limousine Service, Inc., Com. Car. Applic.* (111 M.C.C. 1). In the *Connecticut* case the carrier sought to modify its regular-route service between New York area airports and Connecticut by eliminating a restriction limiting its service to 11 passengers in a vehicle. The overwhelming increase of air passengers in recent years, partially as the result of the new jumbo jets, combined with the lack of adequate bus service in the territory involved, were considered persuasive and resulted in a grant of authority.

In *Horizon*, the practical distinction between ordinary bus service and limousine service was further emphasized. The carrier was granted authority to perform an irregular-route, non-scheduled door-to-door operation between Fort Lee, N. J., and New York, N. Y., limited to seven passengers in a vehicle. This grant was based upon the needs of public witnesses who were not regular bus riders and who were prepared to pay appropriately higher fares to obtain this specialized service and replace their present use of taxis and private automobiles.

In *Everett Charter System, Inc., Com. Car. Applic.* (111 M.C.C. 214), we discussed the weight to be accorded certain evidence as well as the evidentiary burden falling upon a regular-route carrier opposing an application for charter authority. Neither the need for rare emergency charter transportation by a railroad, nor the bare preferences of some witnesses for lower cost or locally based charter services were found to constitute grounds for a grant of authority. The revenues from incidental charter operations comprise a significant part of a passenger carrier's total revenues, and are entitled to the same consideration as certificated rights in the preservation of a protesting carrier's ability to serve the public.



The protestant is not required to prove that its certificated regular-route operations in the considered territory are unprofitable.

While the majority of passenger motor carrier application proceedings involve common carrier applications, the issue in *Whitfield Bus Lines, Inc., Contract Carrier Applic.* (111 M.C.C. 334) was whether a proposed *contract* carrier passenger operation on behalf of the United States Department of Justice, Immigration and Naturalization Service, could be performed under the incidental charter rights or special operations authority of the protesting regular-route motorbus carriers. The proposed operation involved the transportation of detained aliens accompanied by an armed guard. Initially, Review Board Number 2 found the operation to be neither a charter operation, inasmuch as the passengers as a group (or otherwise) did not contract with the carrier for the transportation, nor a special operation, inasmuch as the group was not assembled by the carrier and individual fares are not paid to the carrier. It was emphasized that the passengers did not have a *community of interest* in the trip and clearly did not desire to travel together. As the protestants lacked the needed authority and applicant would be serving only one shipper to whose exclusive use it would be dedicating its equipment and services, the requested contract carrier authority was granted. The proceeding has been reopened for reconsideration on the present record.

In *Loker Extension—New York Route* (110 M.C.C. 363) Appellate Division 1 determined that the joint-line services provided by protestants in combination with each other and with the applicants were not shown to be inadequate or unsatisfactory and denied the application. The Commission, however, reopened the proceeding on its own motion for reconsideration on the same record. It found that the proposed service, being a single-line through service, would be clearly more convenient to the needs of the traveling public, more inherently efficient than a joint-line service, and would fill a transportation void, all the more necessary in light of recent reductions in passenger train service. It granted the application in its decision reported at 112 M.C.C. 64.

In a case generating substantial publicity and interest, (No. MC-133573) *Cheetah Charter Bus Service*, authority was granted to a New York-based, minority-operated passenger carrier to perform round trip charter operations beginning and ending in New York City's Harlem. Division 1, in affirming the recommendations

of the examiner, found various charter groups had experienced difficulties in obtaining equipment from existing authorized carriers, and that the proposed operation would serve a useful public purpose.

### **Intercity Passenger Traffic**

Intercity passenger miles in public and private transportation for calendar years 1968 and 1969 are set forth in the table below. The trend since 1960 is shown in the accompanying chart. Total passenger miles increased 4.7 percent in 1969 over 1968; all modes except rail had an increase. The increases ranged from 1.6 percent for bus to a high of 9.7 percent for air. As noted earlier in this chapter the growth of 1.6 percent in bus passenger miles is due to charter or special service operations. Rail intercity passenger miles decreased over 7 percent. This decrease undoubtedly results from the continued erosion in the number of intercity passenger trains available as discussed in the prior section dealing with this subject.

Intercity passenger miles, public and private, by mode of transportation, 1968 and 1969<sup>1</sup>

Mode of transportation	1968	1969	Percent change	Percent of grand total	
				1968	1969
	Millions	Millions			
1. Railroads and electric railways	13,265	12,300	- 7.28	1.23	1.09
2. Motor vehicles:					
Motor carriers of passengers	24,500	24,900	+ 1.63	2.27	2.21
Private automobiles	936,426	977,000	+ 4.33	86.80	86.53
Total motor vehicles	960,926	1,001,900	+ 4.26	89.07	88.74
3. Inland waterways, including Great Lakes	3,480	3,800	+ 9.20	0.32	0.34
4. Airways (domestic revenue, pleasure and business flying)	101,189	111,000	+ 9.70	9.38	9.83
Grand total	1,078,860	1,129,000	+ 4.65	100.00	100.00

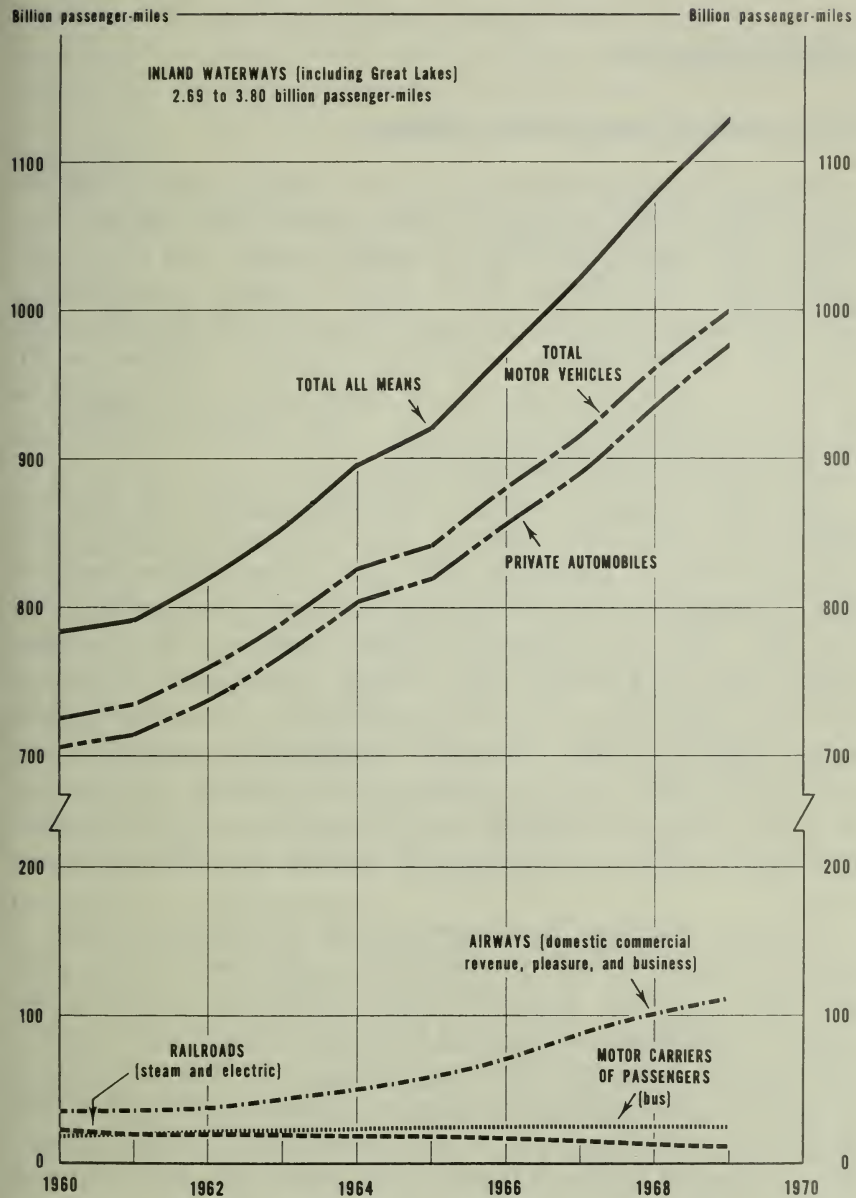
<sup>1</sup> Data for 1969 are preliminary.

Sources (numbers below same as items in table):

1. Reports to the Interstate Commerce Commission (ICC).
2. Reports to the ICC and the Bureau of Public Roads. Excludes school bus data.
3. Reports to the ICC.
4. Civil Aeronautics Board and Federal Aviation Administration.



## INTERCITY PASSENGER-MILES, 1960-1969



SOURCE: ANNUAL REPORTS OF THE INTERSTATE COMMERCE COMMISSION.

## UNIFICATIONS

### Railroad Merger and Control Actions

During this reporting period, we took steps to protect the interests of stockholders when it became apparent that the stock exchange ratio agreed upon by the parties several years ago in the Milwaukee-North Western merger case had become inequitable. The applicants were given an opportunity to revise the terms, and upon their failure to do so, we denied their merger application. To preserve as much as possible of the extensive record compiled in the case we retained jurisdiction for 1 year should the matter be resubmitted on more equitable terms.

Our efforts to secure a better competitive posture for the Milwaukee and the North Western in the western territory were brought closer to realization when the United States Supreme Court confirmed our approval of the Northern Lines merger (396 U.S. 491). The Great Northern Railway Company, the Northern Pacific Railway Company, the Chicago, Burlington & Quincy Railroad Company, and various subsidiaries consummated their merger March 2, 1970. When the conditions we imposed in the case become fully operative, shippers in the western territory will be able to take advantage of new Milwaukee and North Western routes that would not have existed without the Northern Lines merger.

With the reduction in number and the enlargement in size of railroad systems through consolidation, competing railroads press for terms to protect or improve their competitive positions. Requests for conditions setting up a new route, such as it obtained in the Northern Lines case, have been made by the Milwaukee in the Louisville & Nashville-Monon merger (F.D. No. 25309).<sup>9</sup> The Milwaukee requested inclusion in the proceedings involving control and purchase of the Rock Island. The question was set for hearing to be scheduled after issuance of the hearing examiner's report in

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<sup>9</sup> This merger was approved September 9, 1970, and the Milwaukee's request was granted. The transaction has not yet been consummated. Petitions are pending.

the Rock Island case (F.D. No. 22688). On July 8, 1970, the examiner issued a summary of the recommendations he expected to develop. Included was a proposal that the Rock Island be merged into the Union Pacific, with the UP selling the R.I.'s southern portion to the Southern Pacific. The Missouri-Kansas-Texas and the Fort Worth and Denver would be included in the latter transaction.

Conditions to protect the positions of competing carriers also were sought in two other rail unification cases in which hearing examiners have recommended merger approvals: The Illinois Central-Gulf, Mobile & Ohio consolidation (F.D. No. 25103), and the Norfolk & Western-Chesapeake & Ohio merger (F.D. No. 23832).

Shippers may suffer loss of service if the operation of a line on which they are situated becomes unprofitable due to the diversion of much of its other traffic by another railroad. This is true even if the railroads involved are large consolidated systems. Accordingly, we have become concerned with the effect of the proposed Norfolk & Western-Chesapeake & Ohio merger on the traffic of the existing Penn Central system. We are also concerned with the effect of Penn Central on the service rendered to their respective shippers by Norfolk & Western and Chesapeake & Ohio as individual carriers in the event their proposed merger is not approved. We have, therefore, reopened the Norfolk & Western-Chesapeake & Ohio merger proceeding to study these questions and have ordered both Penn Central and the merger applicants to submit additional traffic diversion data. Further hearings will be necessary before we can proceed to an appraisal.

The Supreme Court, on June 29, 1970, concluded its review of the value of the New Haven, whose properties we ordered included in the Penn Central system (399 U.S. 392). The Court ruled in favor of New Haven bondholders by finding that New Haven properties were worth approximately \$28 million more than the \$146 million valuation we had placed on them. Left to further proceedings before this Commission was a decision as to the form that Penn Central's consideration to the New Haven should properly take and the status of the New Haven estate as a shareholder or creditor of Penn Central.

Complicating the New Haven case, as well as the general railroad transportation situation, was the filing by Penn Central of a



petition for reorganization under provisions of section 77 of the Bankruptcy Act (F.D. No. 26241).

Applications for approval of consolidation of major railroad systems have declined sharply. This is the first reporting period for some years that we do not have before us any applications involving unification of major railroad systems that have not yet been heard.

## Motor Carrier Merger and Control Actions

In the area of motor carrier consolidations, mergers, purchases and acquisitions of control, the Commission has continued its policy of handling each proceeding on an individual case basis. While established precedent provides guidelines, strict adherence is not the rule where considerations of public interest dictate otherwise. An example is the treatment of a transaction which, under rigid adherence to precedent, might well have been denied. In *Ryder System, Inc.—Control—Complete Auto Transit* (109 M.C.C. 275), we authorized the common control of two motor carriers. One held *common* carrier authority substantially duplicating the *contract* carrier authority of the second carrier covering the transportation of automobiles in large areas of 48 States. The only obstacle to approval of the transaction rose from the provisions of section 210 of the act. We observed the peculiar needs of automobile manufacturers for the transportation of their products and the fact that each carrier would confine its activities to service for a single shipper not served by the other. Thus, we found little opportunity would exist for unlawful or discriminatory rate rebates, which the prohibitions of section 210 were designed to avoid.

A proceeding in *Alleghany Corporation—Control and Purchase* (109 M.C.C. 333), involved another prohibition of the act. Section 5(2)(b) prohibits approval of the acquisition of a motor carrier by a railroad or any person affiliated with a railroad unless the Commission finds that the rail carrier will be able to use the motor carrier service to public advantage in its operations and the transaction will not unduly restrain competition. Alleghany Corporation, which proposed to acquire certain motor carrier properties, was affiliated with a railroad, Penn Central Transportation, by reason of stock ownership. It was impossible to conclude that the transaction would enable the Penn Central to use the motor

carrier service involved to public advantage in its operations and would not unduly restrain competition. Our approval of the transaction was made subject to the condition that Alleghany end its affiliation with the railroad by placing its Penn Central stock in an independent voting trust for not longer than 5 years and disposing of the stock during that period. We further required termination of the interlocking relationships with Penn Central and subsidiaries.

In *East Texas Motor Frt.—Control—Consolidated* (109 M.C.C. 213) East Texas Motor Freight Lines, Inc., had acquired control of Consolidated Copperstate Lines without our approval and in violation of section 5(4) of the act. We found the control to be in the public interest, however, and approved its continuance, stating:

Even though we find a statutory violation through the unlawful acquisition of control, we are not free to summarily deny the application. Instead we must examine the entire case in order to dispose of it in a manner which would best serve the public interest. A violation of section 5(4) will not automatically defeat a transaction if overriding public interest considerations plainly call for acting otherwise.

Two applications proposing transactions involving very large motor carriers of general freight over regular routes, were of special interest: (a) Ryder Truck Lines, Inc., having extensive coverage of the eastern half of the United States, would acquire control of Pacific Intermountain Express Company, engaged in transcontinental operations; and (b) Navajo Freight Lines, Inc., also engaged in transcontinental operations, would fill in extensive gaps in its midwestern service by acquiring control of Ellis Trucking Company. Hearing procedures were under development at the end of the year.

## **Conglomerates and Diversifications**

Acquisitions and diversifications by conglomerate holding companies having rail interests lost impetus during the past year. Many overtures and agreements in principle were made but subsequently dropped. Since the method used for expanding a holding company often has been through an exchange of securities, the vagaries of the stock market have militated against the consummation of such arrangements. The tight money market and high interest rates predominant during the year also had a dampening effect, as did the Tax Reform Act of 1969. Another factor which may have affected diversification activity was the active interest in conglomer-

ates manifested by Congress and various arms of the Government.

Three railroads owned by conglomerate holding companies are in reorganization under the bankruptcy laws.<sup>10</sup> Two other railroads have been offered for sale and/or lease by their parent company.<sup>11</sup>

The following tables show capital structure, selected balance sheet items, and net income for conglomerate holding companies and major railroad companies controlled, as of December 31, 1969.

Net income in millions for conglomerate holding companies and major railroad companies controlled, as of Dec. 31, 1969

	Annual Report to Stockholders	ICC Annual Report Form A
Northwest Industries, Inc. (Cons.) <sup>a</sup>	\$ 16.8	\$ 15.0
Chicago & North Western Ry. <sup>b</sup>	D 8.7	D 19.0
Penn Central Company (Cons.) <sup>a</sup>	D 121.6	
Pennsylvania Company <sup>b</sup>		41.7
Penn Central Transportation Co. <sup>b</sup>	D 182.3	D 91.6
Illinois Central Ind., Inc. (Cons.) <sup>a</sup>	40.6	23.2
Illinois Central Railroad <sup>b</sup>	26.5	26.5
Rio Grande Industries, Inc. (Cons.) <sup>a</sup>	9.1	
Denver & Rio Grande Western R.R. Co. <sup>b</sup>	10.1	11.5
Union Pacific Corporation (Cons.) <sup>a</sup>	78.2	
Union Pacific R.R. Co. <sup>b</sup>	85.1	101.1
Santa Fe Industries, Inc. (Cons.) <sup>a</sup>	60.8	
Atchison, Topeka & Santa Fe Ry. Co. <sup>b</sup>		57.3
Kansas City Southern Ind., Inc. (Cons.) <sup>a</sup>	4.4	
Kansas City Southern Ry. Co. <sup>b</sup>		5.3
Southern Pacific Company (Cons.) <sup>a</sup>	92.0	
Southern Pacific Transportation Co. <sup>b</sup>		77.6
Katy Industries, Inc. (Cons.) <sup>a</sup>	1.6	
Missouri-Kansas-Texas R.R. Co. <sup>b</sup>	1.2	3.2
Mississippi River Corp. (Cons.) <sup>a c</sup>	10.0	10.0
Missouri Pacific System <sup>a</sup>	21.3	
Missouri Pacific R.R. Co. <sup>b</sup>	15.5	15.5
Seaboard Coast Line Ind., Inc. (Cons.) <sup>a</sup>	32.5	
Seaboard Coast Line R.R. Co. <sup>b</sup>	38.5	38.5
Boston & Maine Ind., Inc. <sup>a</sup>		
Boston & Maine Corp. <sup>b</sup>		D 6.1

D Deficit.

<sup>a</sup> Source: Annual Report to Stockholders.

<sup>b</sup> Source: Annual Report Form A to Interstate Commerce Commission.

<sup>c</sup> Does not include Missouri Pacific Railroad Co.

<sup>10</sup> Boston & Maine Corp. on March 12, 1970, Penn Central Transportation Co. on June 21, 1970, and Lehigh Valley Railroad Co. on July 24, 1970.

<sup>11</sup> Northwest Industries, Inc., parent company of Chicago & North Western Ry., offered to sell its transportation interests to the Chicago, Milwaukee, St. Paul & Pacific R.R. Co. Later a group of C&NW employees formally presented a proposal to buy the railroad interests. Subsequent to this offer, the C&NW Ry. offered to sell its 50-percent interest in the Alton & Southern Ry.

Katy Industries, Inc., parent of Missouri-Kansas-Texas R.R. Co., expressed a desire to lease its railroad to another railroad.



Selected balance sheet items in millions for conglomerate holding companies and major railroad companies controlled, as of Dec. 31, 1969

	Working capital <sup>1</sup>	Working capital <sup>2</sup>	Debt	Equity
Northwest Industries, Inc. (Cons.) <sup>a</sup>	\$ 115.5	\$ 59.5	\$ 513.2	\$ 636.8
Chicago & North Western Ry. <sup>b</sup>	D 11.5	D 28.5	272.9	426.2
Penn Central Company (Cons.) <sup>a</sup>	21.6	D 82.2	2,639.7	2,810.0
Pennsylvania Company <sup>b</sup>	24.9	24.9	128.2	433.5
Penn Central Transportation Co. <sup>b</sup>	D 5.6	D 95.3	1,859.4	1,926.2
Illinois Central Ind., Inc. (Cons.) <sup>a</sup>	100.1	76.9	302.9	694.8
Illinois Central Railroad <sup>b</sup>	36.9	27.5	246.0	596.4
Rio Grande Ind., Inc. (Cons.) <sup>a</sup>	19.0	14.7	94.2	140.2
Denver & Rio Grande Western R.R. Co. <sup>b</sup>	22.2	18.0	90.4	176.6
Union Pacific Corporation (Cons.) <sup>a</sup>	62.9	32.5	329.2	1,383.8
Union Pacific R.R. Co. <sup>b</sup>	82.3	52.2	266.1	1,653.8
Santa Fe Industries, Inc. (Cons.) <sup>a</sup>	55.1	25.7 <sup>3</sup>	497.4	1,298.5
Atchison, Topeka & Santa Fe Ry. Co. <sup>b</sup>	47.4	20.3	323.8	1,432.4
Kansas City Southern Ind., Inc. (Cons.) <sup>a</sup>	11.0	5.7	106.7	294.1
Kansas City Southern Ry. Co. <sup>b</sup>	15.7	11.8	82.9	80.9
Southern Pacific Company (Cons.) <sup>a</sup>	D 43.1	D 60.9	800.2	1,573.7
Southern Pacific Transportation Co. <sup>b</sup>	6.8	D 9.7	789.0	1,483.6
Katy Industries, Inc. (Cons.) <sup>a</sup>	D 2.9	D 5.9	122.1	13.9
Missouri-Kansas-Texas R.R. Co. <sup>b</sup>	D 4.3	D 7.3	109.1	8.3
Mississippi River Corp. (Cons.) <sup>a c</sup>	11.8	7.0 <sup>3</sup>	104.5	99.3
Missouri Pacific System <sup>a</sup>	25.2		729.1	497.9
Missouri Pacific R.R. Co. <sup>b</sup>	3.3	D 7.4	560.7	375.0
Seaboard Coast Line Ind., Inc. (Cons.) <sup>a</sup>	4.9	D 21.4	386.3	656.9
Seaboard Coast Line R.R. Co. <sup>b</sup>	34.8	9.1	373.8	763.2
Boston & Maine Ind., Inc. <sup>a</sup>				
Boston & Maine Corp. <sup>b</sup>	D 12.3	D 15.2	81.7	99.2

D Deficit.

<sup>1</sup> Including materials and supplies.

<sup>2</sup> Excluding materials and supplies.

<sup>3</sup> Excluding inventories.

<sup>a</sup> Source: Annual Report to Stockholders.

<sup>b</sup> Source: Annual Report Form A to Interstate Commerce Commission.

<sup>c</sup> Does not include Missouri Pacific Railroad Co.

While the trend has slackened somewhat in 1970, non-transportation companies continued to acquire regulated motor carriers. Non-transport firms now control well over 100 regulated carriers. Many of the owning companies are relatively small but also included are several large firms such as B. F. Goodrich, Del Monte Corporation, International Utilities Corporation, and U.S. Industries, Inc. Although most non-transportation firms own a limited number of regulated carriers, there is evidence of an increase in this respect. International Utilities Corporation, for example, now owns seven interstate motor carriers.

With the exception of certain bus companies and ICC-identified holding companies, historically there has been very little outside diversification or conglomerate activity by regulated motor carriers. Carriers actually engaged in diversification efforts have

focused on activities principally related to truck transportation, such as leasing, tire recapping and maintenance. Managerial and capital requirements necessary to support outside activities have been the main deterrent to significant conglomerate involvement by the motor carriers. For those few carriers actively engaged in non-transport or conglomerate endeavors, the holding company device is now the principal means of pursuing diversification objectives.

## FREIGHT RATES AND SERVICES

We noted in our 83rd Annual Report that inflation had prompted efforts by carriers of all modes to seek general rate increases. The trend continued throughout the past fiscal year. Selective reductions were made in some circumstances—primarily where particular traffic was threatened by competition. Generally, though, intermodal competition was subordinated to the problem of obtaining revenues to meet higher costs such as those caused by significant wage increases.

### Railroads

*General Increases in Rates.*—In Ex Parte No. 262, *Increased Freight Rates, 1969*, we authorized a general increase of 6 percent because of an urgent need for additional railroad revenues.

In Ex Parte No. 265, *Increased Freight Rates, 1970*, we authorized an interim general increase of 5 percent. At the same time, we instituted an investigation into the proposal to increase rates 6 percent. The rail carriers must make refunds if we find the increase unwarranted or unlawful.

As the fiscal year ended the railroads were considering the filing of another general increase in freight rates.

*Other Significant Proceedings.*—In *Cancellation of Wharfage Absorption* (335 I.C.C. 477), Division 2 found that it had jurisdiction over the lawfulness of a proposal by southern railroads to cancel tariff provisions under which they absorbed wharfage charges at ports. Jurisdiction was found to reside in the fact that the effect of the cancellation was to increase the total charges paid by the shippers. Where single-factor rates were in issue, the division found that, since the rate contained an additive element which was partly to account for wharfage charges, the cancellation



was not shown to be just and reasonable in view of the fact that the rate had not been reduced by an amount equal to the wharfage additive. Where, however, two-factor rates were in issue, the second factor was a specific port terminal charge including an amount for wharfage. The cancellation was accompanied by concomitant reduction of the second factor, and that portion of the proposal was found just and reasonable.

Commission policy encourages free movement of commerce through as many available ports as possible because of the resulting benefits to the consumer and the producer. In *Soybeans, Midwest to Chicago & Gulf Ports, Export* (335 I.C.C. 883), two railroads published reduced export rates on soybeans to Chicago and Gulf ports to meet competition from barges and motor carriers. The protestants asserted that the rates caused discrimination to the ports not served by the railroads. We found that no discrimination resulted inasmuch as the two lines had offered to join with other carriers serving the ports, but the offer had been refused. A somewhat similar issue is presented in I. & S. Docket No. 8476 (Sub-No. 1), *Wheat and Grain Sorghums, Midwest to Texas Ports, for Export*, a proceeding pending before the Commission.

Division 2 determined in *Mileage Allowances, Tank Cars* (337 I.C.C. 23), that the Commission has authority under section 1(14)(a) of the act to prescribe specific allowances which carriers must pay for cars furnished by shippers. This authority is additional to that in section 15(13), under which the Commission may prescribe maximum allowances. The decision represents a new policy on allowances for the use of instrumentalities of transportation.

## Motor Carriers

*General Increases in Rates.*—In *Rate Increases and Charges, Southwestern States* (335 I.C.C. 361) we considered proposed increases of the southwestern motor carriers, averaging 10 percent on minimum charge shipments and an additional 6 percent on shipments under 1,000 pounds. The overall effect was a 2.5-percent increase in the revenue accruing to southwestern carriers. We found the increases were just and reasonable. The carriers were shown to be honestly and efficiently managed and had made efforts to improve efficiency. The increases were necessary partially to offset

increased costs of labor, goods, services, and taxes, and partially to attract the debt and equity capital needed to assure the financial integrity of the carriers.

Over 35 general increases in the rates of motor common carriers of property were allowed to become effective without formal investigation. The increases applied to both small shipments (up to 9 percent) and volume movements (up to 6 percent). Many of the proposals which became effective also included increases in accessorial charges. A 6 percent general increase was allowed to become effective for members of the Household Goods Carriers' Bureau.

*Other Significant Proceedings.*—Because of the virtual elimination of less-than-carload service by rail carriers, most small shipments have gravitated to motor common carriers. Rail competition by trailer-on-flatcar service has influenced the motor carriers to reduce rates on truckload traffic. Those two factors have stimulated efforts to revise the motor rate structure to reflect the costs of handling shipments in various weight brackets and to obtain sufficient revenue to assure adequate service on all traffic. This was considered by Division 2 in *Small Shipment Rate Revision—Eastern Central* (335 I.C.C. 547). The proposal generally was to increase charges on shipments weighing less than 500 pounds, to reduce charges on shipments over 1,000 pounds, and to leave unchanged the rates on those between 500 and 1,000 pounds. The division concluded that the charges would restructure the applicable tariffs in a realistic manner and guarantee that small shipments would provide a fair share of the costs sustained by the carriers in providing adequate transportation service. Possible adverse effects on small business resulting from the higher charges were expected to be offset by the improved service which should result from the change in rates. A similar conclusion was reached in *Small Shipment Rate Revision, Central & Southern* (337 I.C.C. 158).

In *Segregation of Freight, New Eng. & Mid. Atl. States* (335 I.C.C. 239) the carriers proposed rules and charges for the sorting or segregating of freight on delivery, when that service was requested. The proposed rules were filed in order for the carriers to comply with the rationale of *Associated Wholesale Grocers, Inc., Investigation* (325 I.C.C. 631). No charge would apply if the consignor at origin segregated freight according to marks, brands, sizes, flavors, or other distinguishing characteristics. It was found

in this case that a sorting rule was necessary to prevent discrimination and that a charge must be made for the service. The proposed rule was found not shown to be just and reasonable, however, because there were no data to show that the delivery of sorted shipments involved the same expense to the carriers as the delivery of unsorted shipments. This lack of data also precluded a determination of the reasonableness of the charge for the sorting service. The proceeding is presently pending before us on reconsideration.

In *Informal Procedure for Determining Reparation* (335 I.C.C. 403), we considered whether recent statutory amendments gave us jurisdiction to authorize payment of reparations by motor common carriers or by freight forwarders, where it is admitted that the charges were unlawful. Public Law 89-170 amended sections 204a and 406a of the act to allow shippers to seek a judicial award of reparations. The term reparations refers to payment of damages to shippers resulting from unlawful freight charges, i.e., those which are unjust and unreasonable, unjustly discriminatory, or unduly preferential or prejudicial. We concluded that, since the amendments did not confer jurisdiction to the Commission itself to award reparations, we have no authority to establish an informal procedure for the settlement of such claims.

In *Payment for Detention Charges, Eastern Central States* (335 I.C.C. 537), we affirmed the findings of Division 2 (332 I.C.C. 585) rejecting schedules which would place the liability for the payment of charges for detaining motor carriers' equipment on the party causing the delay, whether or not the same party was responsible for the payment of other transportation charges. As published, the detention charges could become payable by the agent of a consignor or a consignee. We found the schedules to be unlawful because a party who is not a principal to the contract of transportation, and thus not primarily liable for the line-haul charges, cannot involuntarily be held liable for related detention charges.

## Coordinated Service

Coordinated transportation was at issue in *Substituted Service—Piggyback* (337 I.C.C. 5). The question presented was whether the criteria for distinguishing "initial" and "secondary" movements of new automobiles in TOFC service also apply on motor-rail-motor, rail-motor, and motor-rail movements in multilevel rail car



(MLRC) service. Insofar as motor-rail-motor movements were in issue, we found that, because the tariff structure is common to both TOFC and MLRC movements, the MLRC transportation should be treated the same as TOFC transportation. The question, insofar as rail-motor or motor-rail movements were in issue, was found not to be germane, because the criteria apply only to substituted rail-for-motor service. There can be no substituted service in such movements.

The fostering of intermodal cooperation is before us in Ex Parte No. 261, *In the Matter of Tariffs Containing Joint Rates and Through Routes for the Transportation of Property between Points in the United States and Points in Foreign Countries*. The question being considered is the lawfulness of one factor joint rates between points in this country and points in another country. (See pages 42 and 47.)

## Other Modes

*Clark Oil & Refining Corp. v. Lakehead Pipe Line Co.*, (337 I.C.C. 1), contained a serious question which was not finally determined because it had become moot. The complainant sought to have oil transported via the defendants' pipeline from Canada to Illinois. The defendants refused to provide the service, asserting they were precluded by terms of an executive agreement between this country and Canada. It was argued that the agreement was concluded as an exercise of delegated authority under the Trade Expansion Act of 1962 (19 U.S.C. § 1862). The complainant alleged that the refusal to provide the service was a violation of the Interstate Commerce Act and that an executive agreement cannot supersede this law. The issues became moot when the defendants later filed tariffs to provide the service.

## Intermodal Competition

The National Transportation Policy requires, among other things, the recognition and preservation of the inherent advantages of each mode subject to the act. The Commission's policy is that the mode claiming the protection must show it is the low-cost mode. In *Canned Foodstuffs, Pacific Coast to East* (335 I.C.C. 612), Sea-Land Service, Inc., asserted that reduced rail multiple-car rates constituted a destructive competitive practice; however, it did not

show an inherent cost advantage and thereby failed to meet its burden of proof.

In *Great Lakes Ship Owners Assn. v. Chicago, N. W. Ry.* (337 I.C.C. 287), Division 2 found that the annual volume requirements applying in connection with a unit-train rate constitute an unfair and destructive competitive practice contrary to the National Transportation Policy. The proceeding was distinguished from others where unit-train rates were approved; the competition here was between carriers subject to the act, whereas the other proceedings involved competition posed by unregulated carriers. This proceeding has been designated as involving an issue of general transportation importance.

*Grain by Rent-a-Train, IFA Territory to Gulf Ports* (355 I.C.C. 111) was reopened for reconsideration. That proceeding involves the plan generally referred to as Rent-a-Train, which is intended to permit landlocked interior producing points to participate in the export grain market.

## Section 4

Section 4 of the Interstate Commerce Act embodies the principle that it is unreasonable to charge more for transportation for a shorter than for a longer distance, over the same direct line or route, or to charge more as a through rate than the aggregate-of-intermediate rates. Section 4 applies only to pipeline, rail, and water transportation. No comparable provisions are found in part II of the act governing motor carriers nor in part IV governing freight forwarders. The first provision, the so-called long-and-short-haul clause, poses important questions for the Commission in situations involving joint rail-motor rates.

In our 83rd Annual Report we discussed our supplemental report on reconsideration in *Oil Country Iron or Steel Pipe, Midwest to Okla. & Tex.* (332 I.C.C. 540) wherein we affirmed that joint rail-motor rates published on iron or steel pipe from Illinois, Ohio, Pennsylvania, West Virginia, and Wisconsin to points in the oil country of Oklahoma and Texas were subject to section 4. We also stated there that the validity of our prior findings had been clouded by a court decision in *New York Central Railroad Co. v. United States* (267 F. Supp. 617) holding that section 4 was inapplicable to joint rail-motor rates. In the interim a case on which

that court primarily relied had been reversed by the Supreme Court in *American Trucking Associations, Inc., et al. v. Atchison, Topeka & Santa Fe Railway Co., et al.* (387 U.S. 397). Here, the Supreme Court held that there is a clear interrelationship between the several parts of the act which is made manifest by the National Transportation Policy.

Our decision upon reconsideration in the *Oil Country* case was challenged in *Atchison, Topeka and Santa Fe Ry. Co. v. United States* (300 F. Supp. 1351), decided June 27, 1969. The court unanimously sustained our decision. In holding that we clearly had jurisdiction to apply section 4 to joint rail-motor rates, the court took note of the *New York Central* and Supreme Court decisions and held that the act is to be read as a unified whole, with the National Transportation Policy bringing the various parts together.

## Suspensions

A total of 4,088 adjustments involving changes in tariffs of rail, motor, water, freight forwarder, pipeline, and express carriers were considered by the Suspension Board. Of that total, 2,062 reflected increases, 1,774 reductions, 194 both increases and reductions, and 58 neither increases nor reductions. Protests totaled 5,038. Of this total 3,454 were from shippers and receivers, 66 from State or Federal Government agencies, and the remainder, 1,518, from competing carriers. Statements from shippers and others intervening in support of proposals totaled 209. Petitions to vacate, investigate, or discontinue totaled 191.

Action taken on proposals considered for suspension

	Rail	Motor	Water	Freight For- warder	Express Pipe- line	Number	Per- cent
Suspended in full	284	1,371	2	45	2	1,704	41.7
Suspended in part	24	30	0	0	0	54	1.3
Not suspended (permitted to become effective)	172	1,166	46	40	10	1,434	35.1
Otherwise disposed of (schedules rejected, protests withdrawn, schedules voluntarily canceled by carriers)	45	827	10	11	3	896	21.9
Totals	525	3,394	58	96	15	4,088	100.0



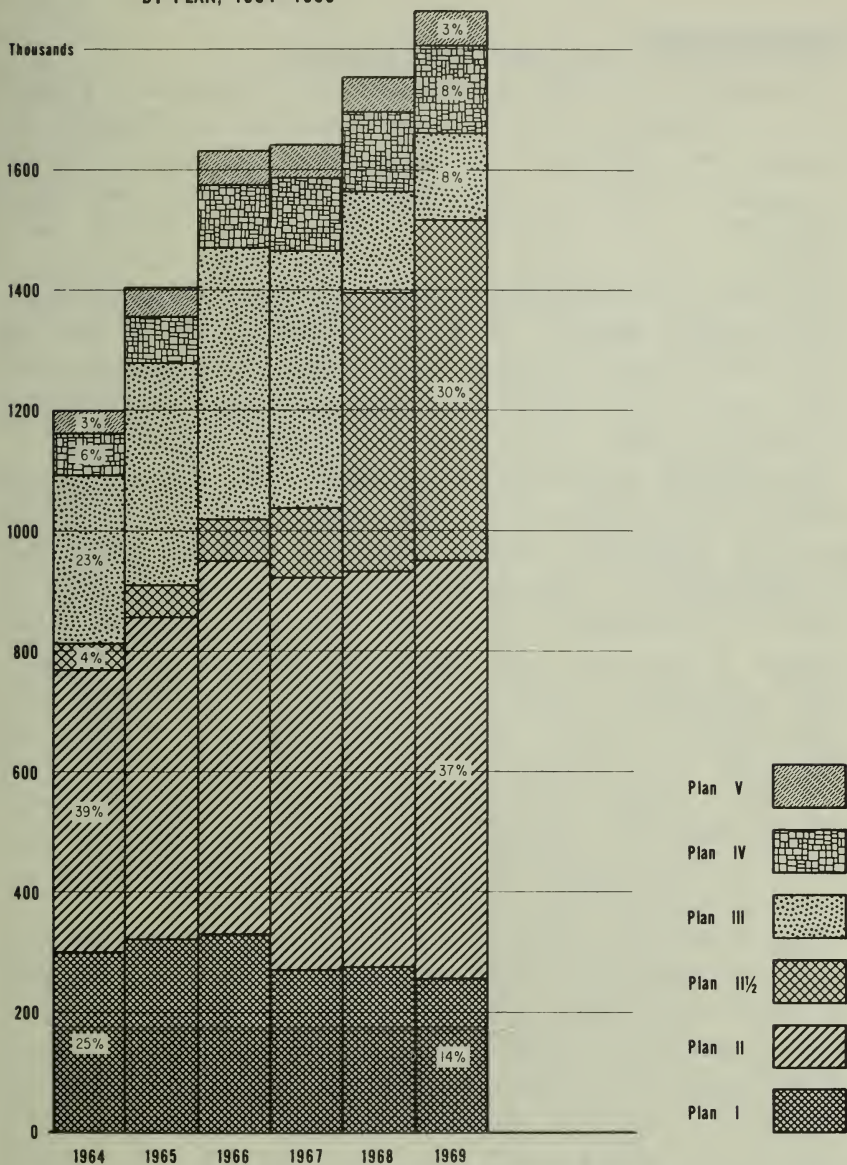
In 259 instances the Board of Suspension informed carriers that the question of suspension would be considered by the Board upon its own initiative, without protest. Of the 259 cases set up for consideration, each involving one or more tariff proposals, 135 were suspended. In 48 cases the carriers voluntarily canceled the matter under consideration on its published effective date. Three of the tariffs containing the proposals were rejected by the Tariff Branch and returned to the carriers. Seventy-three were permitted to become effective based on justification submitted by the carriers which, along with the Board's analysis of the proposals, indicated that a probability of unlawfulness was not evident.

### **Piggyback (TOFC)**

Piggyback service by rail continued to grow through 1969. The rail trailer and container total of 2,037,000 units was 42 percent greater than 1964, the first year reports of piggyback statistics were made to the Commission. Motor carrier piggyback reached a peak of 346,000 units in 1966 and, following an irregular pattern, declined to 261,000 units in 1969. Freight forwarder piggyback increased from 120,000 units in 1964 to 224,000 in 1969, although the latter total was down 8 percent from 1968. Water carrier piggyback or fishyback followed an irregular pattern with 70,000 trailer and container units in 1969, up 6 percent. A contributing factor was the initial reporting of one carrier's Alaskan services.

Shifts in percentages of the rail totals reported by plan are shown in the accompanying chart. Plan I, motor-rail-motor substituted service, has declined steadily in relative importance. Plan III, terminal to terminal with shippers supplying the trailer or container units, has shown a similar decline, particularly in 1968 and 1969. Plan II, the door-to-door rail service, has lost somewhat, but continued as the most popular plan. The 1968 and 1969 growth of plan II 1/2 has been in large measure at the expense of Plan III. A principal advantage of plan II 1/2 (the railroad supplies the trailer or container unit but the shipper performs the service to and from rail terminals, including either or both such services) is that the shipper neither has to provide the trailer nor arrange for its return. The shipper also may exercise control over and thus expedite movements to and from terminals. Plan IV, where the shipper provides the cars as well as the trailer or con-

**PIGGYBACK TRAILER AND CONTAINER TERMINATIONS  
REPORTED BY CLASS I RAILROADS  
BY PLAN, 1964-1969**



SOURCE: BUREAU OF ECONOMICS, STATEMENT NO. 66-1, PIGGYBACK TRAFFIC CHARACTERISTICS (1966) AND TRANSPORT ECONOMICS.

tainer units, and plan V, joint motor-rail in either order, maintained fairly stable percents of total piggyback terminations.

## Containerization

Containerization in the international trade continued to expand with an increasing number of units moved in ships designed exclusively for containers, or in combination with roll-on and -off movement of trailers or other mobile units. General cargo ships continued to carry containers on decks or in cellular space adapted to storage of such units in transit. Where economies of containerization have forced general cargo ships off trade routes, some alternate services have been provided by roll-on and -off vessels. For a recently initiated type of service, the carrying of inland barges on ocean going ships, proposals include transportation of containers, either on the barges or elsewhere aboard ship.

International documentation and related procedures, surviving from an era of relatively slow cargo movements, tend to retard the growth of intermodal container movements. Industry groups and the Department of Transportation are conducting a program in which the Commission is cooperating, looking to reductions in the burdens of forms and other paperwork associated with international movements. Progress has been made in development of a master format to permit uniform reproduction of shipper, consignee and route designations, shipment descriptions and other information required on bills of lading, and declarations, as well as other documents frequently necessary for international shipments. Accomplishments in reducing documentation may be expected to facilitate the growth of containerization.

The Commission continues to be receptive to the filing of rates which will encourage containerized traffic in either the domestic or international areas. Rates on containers, distinguished from trailers, have been established by some railroads for large sections of the Nation; other railroads handle containers on bogies, and assess rates on the same bases as for trailers. A number of motor carriers are working closely with water carriers in the inland movement of the latter's containers, sometimes on a company-by-company basis. Many other motor carriers do not regard such traffic as attractive for their operations.



## OPERATING RIGHTS (PROPERTY)

Congress has decreed that public transportation be made immediately responsive to the constantly changing service requirements of the traveling and shipping public. To accomplish this end through the development of a balanced and stable national system of surface transportation, we have been directed to regulate the amount of transportation competition by controlling entry (licensing) into the for-hire motor carrier, water carrier, broker, and freight forwarder fields. Entry control encourages carrier investment in the Nation's transportation plant. It also provides a means by which carriers can be required to fulfill their responsibilities to the general public.

Motor carrier operating authority applications account for approximately 78 percent of our formal caseload. These applications are filed as a result of the Nation's economic expansion and population growth. The rising number of motor carrier applications seems destined to continue. Notwithstanding this growing caseload, transportation regulation must do more than react to pre-existing economic conditions. Effective regulation, and this is particularly true in the licensing area, must anticipate problems and look to the orderly development of the transportation industry so that the carriers upon whom the public must rely for service will be in a better position to cope with future problems. As a consequence our efforts are being channeled to the processing of general rulemaking proceedings. These can look toward the resolution of future problems on a national or regional basis. The following summary of our operating rights activities during the past year shows many instances where future guidelines have been established through the resolution of specific cases. The summary also shows many areas which have or may be benefited by more comprehensive rulemaking cases.

## Procedure and Practice

We have continued to adjust our procedural standards to provide for just, speedy, and inexpensive determinations. A number of cases decided in the past year emphasize this trend. We summarily denied an application where an applicant under modified procedure failed to prove a *prima facie* case;<sup>12</sup> but where only part of an applicant's requisite evidence was omitted, we denied the application without prejudice to the filing by applicant of a petition to reopen the proceeding to perfect the record.<sup>13</sup> We amended the *Schaeffer*<sup>14</sup> rule which requires the filing of certifications of support from prospective witnesses to allow evidence from subsequently-discovered witnesses under modified procedure.<sup>15</sup> We further determined that in applications seeking authority to conduct passenger operations, such certifications were not required for subsequently-discovered public witnesses, inasmuch as the identity of a sporadic user of a passenger service normally is not critical to opposing parties.<sup>16</sup>

We reemphasized that with respect to opposing witnesses those applications published subsequent to *Legion Warehouse Corp. Contract Carrier Application* (107 M.C.C. 419) are bound by section 247 of our Special Rules of Practice. This prohibits a protestant from introducing evidence of a non-protestant carrier, unless the nature of such evidence was described in the protest filed.<sup>17</sup> We also reaffirmed our policy that parties to a proceeding risk default when, in reliance on Commission acceptance of a proposed amendment to an application, they "conditionally withdraw" and fail to continue their participation.<sup>18</sup> We found that a conflicting appearance by an applicant's attorney at another Commission hearing did not constitute good and sufficient cause for his absence and the applicant's failure to prosecute the application at its own hearing, either through another attorney or one of its own officers, was found to be sufficient reason for denying the application.<sup>19</sup>

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<sup>12</sup> *Jerry Lipps, Inc., Extension—Pipe* (110 M.C.C. 113).

<sup>13</sup> *Crocker Common Carrier Application* (110 M.C.C. 29).

<sup>14</sup> *Schaeffer Extension—New York City* (106 M.C.C. 100).

<sup>15</sup> *Carl Subler Trucking, Inc., Extension—Canned Goods* (111 M.C.C. 624).

<sup>16</sup> *Carolina Transit Lines, Com. Car. Applic.* (111 M.C.C. 630).

<sup>17</sup> *Bilyeu Refrigerated Transp. Corp. Ext.—Baltimore* (108 M.C.C. 238).

<sup>18</sup> *Sammons Trucking Extension—Fort Dodge, Iowa* (111 M.C.C. 92).

<sup>19</sup> *New Rochelle Moving & Storage—Contr. Car. Applic.* (111 M.C.C. 418).

We determined that while abstracts of documents presented without underlying papers normally are inadmissible, an exhibit prepared from a computer "print out" of traffic data maintained in the ordinary course of business may be given substantial weight in appropriate circumstances despite the absence from the hearing of the underlying records from which the data were derived.<sup>20</sup>

We also determined that a joint board member, who was a member of the State regulatory body at the time of the hearing but was no longer such a member when he signed the board's report and recommended order, continued to be a joint board member as to the particular proceeding in which he participated until the issues in such proceeding had been determined by the board.<sup>21</sup>

## Intermodal

We have long recognized that air cargo transportation possesses unique characteristics and that related trucking within and beyond air terminal areas requires the services of authorized motor carriers which specialize in air-truck, or ex-air, traffic. We have observed that existing carriers not specializing in ex-air traffic generally cannot be relied upon to provide the expedited deliveries expected when this mode of transportation is used. We also recently affirmed our belief that air freight transportation will increase greatly, that the issuance of authorities in this specialized field of motor carriage has lagged somewhat behind demand, and that there is a need for additional service (*Turner Expediting Service Extension*, 110 M.C.C. 342, and *Murphy Surf-Air Trucking Co., Inc., Ext.—Kentucky*, 111 M.C.C. 570).

Because of the growing lack of space at airports and the need for new air cargo terminals, these new cargo-handling facilities are being located proximate to, but beyond, the physical limits of airports. We adopted a universally applicable rule of construction allowing the same service to be performed at new, relocated facilities as was authorized under existing authority to serve the old facilities. (*Interpretation of Rights—Designated Airports*, 110 M.C.C. 597).

As a result of the changing economic picture and the *Theodore Savage* case reported last year, a number of air freight forwarders filed applications for surface forwarding authority between all

<sup>20</sup> *Michigan Express, Inc., Extension* (108 M.C.C. 245).

<sup>21</sup> *Wehe Common Carrier Application* (110 M.C.C. 798).



points in the United States limited to the transportation of ex-air traffic. Such service is being advanced by the applicants as a much-needed improvement in air-motor coordinated transportation. It is anticipated that such applications will be capable of expeditious processing under our modified procedure.

Pan American World Airways instituted a satellite terminal program by which passenger service was made available to the public between John F. Kennedy Airport and points in New York and Connecticut where Pan American had located satellite terminals. Three airport limousine companies, by joint petition in *Exempt Zone—La Guardia and Kennedy Airports* (111 M.C.C. 284), sought to limit the scope of "exempt" service by other carriers, serving the satellite terminals and the New York airports, from the present 25-mile radius, to permit exempt service only within New York City. In denying the petitioners' contentions, we stated that "incidental transportation" is that performed as an adjunct of the immediately prior or subsequent intercity transportation provided by a line-haul carrier. It must not involve a movement over so great a distance that it becomes an independent journey. The "length" of motor transportation cannot be measured by time rather than distance because such a test would produce uncertainty and confusion. We felt that, in this instance, the New York situation was not unique. We refused to accept the petitioners' analogy between the exempt zone and a commercial zone because of the different legislative intentions underlying each. We determined from the evidence disclosed that the public would not benefit by narrowing the present exempt zone limits.

In perhaps the single most important rail-motor intermodal proceeding of the past year we concluded that a railroad must allow all motor carriers, not just those "favored" by the railroad, access to its terminal facilities if comparable service is not available at nearby public team tracks (*Mutrie Motor Transportation, Inc., Ext.—Ex-Rail*, 111 M.C.C. 251). While a railroad may not at present be required to enter into through-route arrangements with "nonfavored" motor carriers, it likewise cannot require shippers to use rail-favored motor carriers. The particular rail facilities involved in the case were built, at an approximate cost of \$100,000 each, to promote a new, coordinated rail-truck service called "Flexi-Flo." This service utilizes pressurized tank cars and the special Flexi-Flo terminals, at which bulk commodities (prin-

cipally cement, chemicals, plastics, and foodstuffs) are transferred directly from rail cars to tank and hopper-type motor vehicles. Flexi-Flo is designed to provide shippers of bulk commodities with an economical, efficient, and complete transportation service, through coordinating the long-haul, low-cost advantages of rail service with the short-haul, fast and flexible attributes of truck service. It eliminates the need for packaging, containerization, and costly storage facilities; results in fewer handlings of the lading and consequently enables better quality control; and offers the shipper timed deliveries upon request. Sixteen separate motor carrier applications to serve Flexi-Flo facilities were granted in this proceeding.

The development of another new and important rail-motor service was considered this year in *Substituted Service—Piggyback* (337 I.C.C. 5). The railroads have developed multilevel rail cars to move new automobiles, replacing their former trailer-on-flatcar (piggyback) service. The two services are substantially different, and the Commission's rules and regulations governing piggyback operations were found not to govern multilevel rail car (MLRC) operations. However, both services share the use of open and joint or negotiated-rate tariffs, and piggyback principles with respect to these rates were applied in this decision to multilevel rail car operations. Application of these principles enabled us to determine what variations of the new service (rail-motor and motor-rail-motor under the two types of rates) may be used by common and contract motor carriers and the kinds of authority required for such use. (See *Coordinated Service* on page 38.)

## Interstate Highways

In *Motor Service on Interstate Highways* (110 M.C.C. 514) we adopted rules and regulations designed to enable the utilization of superhighways (including interstate highways) on a permanent basis by certificated regular-route motor carriers of passengers and property. At the same time, we also completely revised our Deviation Rules to facilitate more flexible operations by authorized motor carriers.

We decided that the use of superhighways by passenger and property carriers should be under separate sets of rules so that the essential distinctions in their services, as well as the public interest,

may be fully considered and preserved. For property carriers, we adopted a general rule of construction, predicated upon a "corridor" service concept, designed to preserve existing competitive relationships to the fullest extent possible, consistent with the public interest and the National Transportation Policy. This rule allows a regular-route motor carrier of property to operate over superhighways between the point of departure from and the point of return to the carrier's authorized regular service route, as an incident to its certificated authority, provided that *either* (1) the superhighway route between such points (a) extends in the same general direction as the authorized service route, and (b) is wholly within 25 airline miles of the carrier's authorized service route, *or* (2) the distance over the superhighway route between the point of return to the carrier's authorized service route is not less than 85 percent of the distance between such points over the carrier's authorized service route. For those property carriers authorized to serve all intermediate points (without regard to nominal exceptions) on their underlying authorized service routes, operations pursuant to (1) above also confers the implied right to serve intermediate points on and within one airline mile of the superhighway routes.

In light of the more intense competition among regular-route motor carriers of passengers and in anticipation of far fewer applications, we adopted a simplified case-by-case application procedure. Under these rules a regular-route motor carrier of passengers may file for and acquire certificated authority to operate over superhighways between the point of departure from and the point of return to the carrier's existing authorized regular service route, including authority to serve intermediate points on said superhighways, upon a showing that use of the superhighway will not materially change the competitive situation between such carrier and any other.

The superhighway regulations contain provisions for the maintenance of adequate service at points on the existing service routes not located on a superhighway. Additionally, in the general rule of construction applying to carriers of property, there are certain safeguards, including a provision for the filing of petitions by interested persons, directed against the conduct of operations reflecting destructive competition.



## Commercial Zones and Terminal Areas

The trend toward increased urbanization is evident in the numerous proceedings involving the limits of commercial zones within which transportation by motor vehicle, in interstate or foreign commerce, is partially exempt from regulation under section 203(b)(8) of the act. Commercial zone limits this year were extended for: Albuquerque, N. Mex., Seattle, Wash., St. Louis, Mo.-East St. Louis, Ill., Sioux City, Iowa, Beaumont, Tex., Kansas City, Mo.-Kansas City, Kans., Baltimore, Md., Washington, D. C., and Minneapolis-St. Paul, Minn. Requested extensions of the commercial zone limits of Atlanta, Ga., New Orleans, La., Memphis, Tenn., and Detroit, Mich., were denied. The Baltimore, Md., commercial zone was extended southward to include the new satellite city of Columbia, while the Washington, D. C., commercial zone was extended westward to include Dulles Airport and the new city of Reston.

The New York, N. Y., exempt zone (that portion of the New York commercial zone within which wholly local operations may be performed pursuant to section 203(b)(8) of the act) was extended to include a piggyback yard of the Lehigh Valley Railroad, in order to achieve competitive parity between that railroad and the Penn Central Railroad, whose piggyback yards already were in the exempt zone.

Commercial zones are not extended solely for the purpose of increasing the available authorized motor services, but rather as a recognition of existing economic facts (*Consolidated Freightways Corp. of Del. Ext.—Phoenix*, 108 M.C.C. 379). Authority to serve named port districts (which are not municipalities) confers no implied authority to serve points beyond the physical limits of such districts (*Truck Transport, Inc., Declaratory Order*, 108 M.C.C. 183).

We also determined that commercial zones of United States municipalities located on the Canadian and Mexican borders extend into the foreign countries. This decision (*Rio Grande Border—Comm. Zones & Term. Areas*, 110 M.C.C. 51) should measurably ease the movement of traffic between sister municipalities at our Nation's borders.

## Household Goods

In *Routed Thru-Pac Inc., Freight Forwarder Application* (332 I.C.C. 352) we held that if a forwarder forwards unaccompanied baggage or used automobiles in separate movements from used household goods shipments, its service is no longer within the purview of the "used household goods" exemption of section 402(b)(2) of the act. It must obtain authority from this Commission lawfully to continue such operations. These principles were recently judicially affirmed. There are numerous pending freight forwarder applications wherein applicants, who had previously been transporting "used household goods" under the section 402(b)(2) exemption, seek to obtain permits to forward "used household goods, used automobiles, and unaccompanied baggage." In No. FF-C-34 we denied petitions requesting the institution of a proceeding for the purpose of determining and prescribing standards for the disposition of these applications. A petition seeking reconsideration of that order has been filed.

In *H C & D Moving and Storage Company v. United States* (298 F. Supp. 746) the court overturned our grants of authority to motor carriers operating in the continental States and to their Hawaiian affiliates in *Burnham Van Service, Inc., Extension—Hawaii* (103 M.C.C. 372). In addition, a petition has been filed in behalf of the local Hawaiian household goods carriers for revocation of a blanket certificate of exemption issued such carriers in Ex Parte No. MC-59. Hearings have been held on this petition as well as on the *Burnham Van* applications, and these proceedings are awaiting issuance of a report and recommended order of the hearing officer.

A common carrier must make its services available to the public on an equitable basis. Nevertheless, the fact that an applicant solicits and handles substantial amounts of household goods for national accounts is no bar to a grant of authority when it demonstrates that it advertises, solicits, and transports a considerable tonnage of individual householder traffic, and intends to continue to do so if the authority sought is granted. Thus, in *Fernstrom Storage & Van Co. Ext.—Nationwide* (110 M.C.C. 452) we granted nationwide nonradial household goods authority. This was the first such grant in several decades. The report reviewed the quality and quantity of the services available from existing carriers and concluded that, due primarily to their failure to provide timely

service, these carriers were not able to provide a reasonably adequate service. In arriving at this conclusion, we considered many factors including demographic changes through increasing population mobility, and the problems existing in the household goods moving industry. It was determined that the slight detrimental effect to the existing carriers would be outweighed by the more adequate service that would become available to the public. (See *Movement of Household Goods*, page 11.)

## Single-State Operations

Single-State motor common carriers operating under section 206(a)(6) of the act must have appropriate authority to conduct intrastate transportation activities. The State Commission must make a valid concurrent finding that the public need requires an applicant's proposed intrastate and interstate operations. In *Ray Price Inc.—Certificate of Registration* (110 M.C.C. 381) we determined that neither of the public need findings may be empty of substance, and that whether an applicant already holds duplicating intrastate rights is irrelevant because the State Commission can make a valid finding that public need requires the continuation of an applicant's authorized intrastate operations. In *Tennessee Deviation Rules* (110 M.C.C. 199) the State's registered carriers were authorized to utilize the State Commission's amended deviation rules without the necessity of any filing or notice with this agency. This emphasizes the incidental nature of the interstate registered operations and avoids policing problems by maintaining similarity between the interstate and intrastate authorities.

## Heavy Hauler Operations

In considering the transportation of aggregated, bundled, or palletized commodities, we continued to adhere to the *Dillner* principle that such shipments, in the absence of a sound basis for a contrary conclusion, are outside the scope of heavy-hauler authority.<sup>22</sup> The *Dillner* presumption precludes transportation under such authority of commodities which are tendered in aggregated form principally for reasons of economy and efficiency. On the other hand, commodities which by reason of their inherent properties require mechanized handling may be transported pursuant

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<sup>22</sup> *Steel Haulers, Inc., Ext.—Tulsa, Okla.* (110 M.C.C. 612).



to heavy-hauler authority. We reaffirmed also the policy that industrywide and not individual shipper practice with regard to handling of a commodity is a factor to be considered in determining an article's status under size-and-weight authority. Such determinations also must take into account the basic characteristics of that article, the prior methods used in its shipment, and its traditional sphere of carriage.<sup>23</sup>

Our early policy in granting heavy hauler authority was to emphasize the commodities being handled. A standard terminology was subsequently adopted describing the operation by reference to the type of service being performed. This development has resulted in numerous requests for modification of existing commodity descriptions. Thus, the service-type definition of heavy hauling is broader in scope than those initially utilized. We will approve the requested modifications where it is shown that the original intent of the framers was to authorize a heavy hauler operation and that the involved carrier, acting in the belief that its certificate covers all heavy articles, has continuously engaged in such operations.<sup>24</sup>

During the past year we gave consideration to requests by numerous heavy haulers to provide a so-called "complete service" for the shipping public (i.e., the carriage of non-size and non-weight commodities unrelated to, but moving in the same vehicle with, the size-and-weight commodities). In disposing of such applications, we gave careful consideration to insure that, apart from the shippers' desire for consolidation of shipments and the resulting operating economies, an actual public need for the proposed service is clearly established.<sup>25</sup> Where such a need has been found, restrictions have been imposed to insure that the contemplated service will be ancillary to operations conducted under size-and-weight authority.<sup>26</sup> These restrictions require that the mixed loads

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<sup>23</sup> *Steel Haulers, supra*, and *Dealers Transit, Inc., Ext.—Eight Western States* (110 M.C.C. 317). Petitions for reconsideration of the decision in *Ace Doran Hauling & Rigging Co. Investigation* (108 M.C.C. 717), discussed in the last annual report, were denied.

<sup>24</sup> *Equipment Transport, Inc., Ext.—Heavy Hauling* (111 M.C.C. 74); *Home Transp. Co., Inc., Extension* (109 M.C.C. 317); *Jetco, Inc., Investigation and Revocation* (108 M.C.C. 498).

<sup>25</sup> *Ashworth Transfer, Inc., Extension—Complete Service* (111 M.C.C. 652); *Ashworth Transfer, Inc., Ext.—Colo. and N. Mex.* (111 M.C.C. 56).

<sup>26</sup> *Carroll Trucking Co. Ext.—Three States* (111 M.C.C. 44).

move on a single bill of lading from the same consignor, and further provide that no part of the authority can be severed by sale or otherwise without the incidental portion.

## Motor Contract Carriers

We have, in the last year, considered numerous applications for motor contract carrier authority which involved application of the somewhat relaxed criteria embodied in section 209(b) of the act. Some were granted in circumstances where the failure to do so would have compelled the shipper to reinstitute private carriage.<sup>27</sup> Others were granted where the operation would replace a questionable equipment lease arrangement under which the prior activities were assertedly conducted as private carriage.<sup>28</sup>

A number were denied, however, because the evidence presented was either too vague or insufficient to allow a proper determination that the section 209(b) criteria were satisfied.<sup>29</sup> Several applications were denied largely because the proposal offered supporting shippers no service features not already available from existing carriers that stood ready and able to handle all of the available traffic, or because the applicant would be placed in the position of serving more than a limited number of shippers.<sup>30</sup>

In response to our decision in *Armored Carrier Corp. Extension—Vermont* (102 M.C.C. 411) that the transportation of cash letters (banking papers and records) for the accounts of unspecified banks constitutes contract carriage, Bankers Dispatch Corp. successfully prosecuted an application to convert its common carrier authority to transport these commodities to corresponding contract carrier authority.<sup>31</sup>

## Unauthorized Motor Carrier Operations

An applicant for authority to conduct motor carrier operations must establish that it is fit, financially and otherwise, to perform the operations it proposes. Where the past conduct of an applicant shows a pattern of unauthorized operations, it is our policy to re-

<sup>27</sup> *United States Trucking Corp. Ext.—Sugar* (111 M.C.C. 26).

<sup>28</sup> *Petro Transport, Inc., Contract Carrier Application* (111 M.C.C. 68).

<sup>29</sup> *Laird Extension—Cincinnati* (111 M.C.C. 101).

<sup>30</sup> *Frost Trucking Co., Inc., Extension—Philadelphia, Pa.* (110 M.C.C. 203).

<sup>31</sup> *Bankers Dispatch Corp. Conversion Application* (110 M.C.C. 294).

quire such applicant to demonstrate that it has reformed its attitudes and operations so that such violations will not be repeated. Where this is not done, we have denied the applications.<sup>32</sup> There is no intention to punish carriers for past unauthorized activities, but this policy is followed to assure that the future operations of these carriers will be conducted in a lawful manner. Applicants can be found fit to receive certificates, despite records of prior unauthorized activities, where there is a demonstrated willingness to reform.<sup>33</sup>

We considered the unregulated status of certain motor transportation operations of shippers in *Personnel Service, Inc. et al—Investigation* (110 M.C.C. 695). In this case a number of established manufacturers arranged for the long-term lease of motor vehicles from independent equipment-leasing organizations and obtained drivers from separate personnel organizations. The manufacturers were found to have assumed enough of the characteristic burdens of the transportation involved to be recognized as engaging in bona fide private carriage operations. It was emphasized that each particular situation must be viewed in its totality to ascertain the effect of the operational arrangements and contractual agreements between all of the parties.

We are frequently called upon to interpret the certificates and permits of motor carriers to determine whether they are engaged in operations beyond the scope of their authorities. One such proceeding *T.I.M.E. v. Braswell* (No. MC-C-6381), involves the meaning of a restriction against a carrier's joining certain grants of authority for the purpose of providing single-line service between specified points. The defendant contends that the terms of the restriction do not apply when the freight is interlined with other carriers. (See *Illegal Operations in Competition with Authorized Carriage*, page 85.)

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<sup>32</sup> *Colorado Air Cargo, Inc., Common Carrier Applic.* (110 M.C.C. 442); and *McRay Truck Line, Inc., Ext.—Forty-Eight States* (111 M.C.C. 602).

<sup>33</sup> *Houston Lines, Inc., Extension—Steel* (108 M.C.C. 467); *Petro Transport, Inc., Contract Carrier Application* (111 M.C.C. 68); *Tanksley Transfer Co. Ext.—Points in Four States* (110 M.C.C. 674); and *L. & M. Express Co., Ext.—North Carolina* (110 M.C.C. 845).



## Furniture

In a general rulemaking proceeding, *Motor Service on Shipments of New Furniture* (Ex Parte No. MC-72), we examined the problems experienced by manufacturers of new furniture in obtaining responsive and adequate transportation facilities for the marketing and shipment of their products. We have ordered the submission of additional statements by any carrier, shipper, or other interested person in order to develop a more complete record upon which an informed decision can be made. We denied a joint petition filed by three associations of household goods carriers seeking the inclusion of new furniture within the definition of household goods. The case was pending at the close of the fiscal year.

## Water Carriers

Section 312a of the act empowers us to revoke authorities of domestic water carriers issued under part III of the act. Generally we have not invoked this power unless there is reason to believe the carrier's willful failure to operate under the terms of its certificate or permit will continue. Following this policy we declined in *Mechling Barge Lines Inc. v. N.O. & Vicksburg Packet* (337 I.C.C. 257) to revoke the certificate of the New Orleans and Vicksburg Packet Company, Inc. We found that while the carrier had transported only a few bargeloads of traffic, it should not be penalized for the failure of shippers to tender it additional traffic. The carrier's intention to serve the general public and the fact that its conduct was not at variance with that intent were persuasive factors in dismissing the complaint.

We have under investigation in No. W-239 the claimed dormancy of a permit issued to Universal Transportation Company. In No. W-195, we found that River Transportation Co. of St. Louis was willfully failing to comply with the applicable provisions of the act, and we ordered it to institute its authorized operations within 45 days of the service date or suffer revocation of its certificate.

## Parcels—Package Delivery

Broad generic commodity authorization is generally granted where the record indicates a need for service in the transportation of small shipments consisting of a wide range of diverse commodities. In *Comet Messenger & Deliv. Serv., Inc., Com. Car. Application* (111 M.C.C. 13) we determined that the purpose of these broad grants of authority is to allow carriers to perform a complete service in meeting the needs of the shipping public.

As demonstrated by *Film Transit Inc., Ext.—Florence, Ala.* (110 M.C.C. 795) we continue to follow our policy of granting authority to a carrier specializing in small package delivery service similar to that offered by parcel post, even though the application may be opposed by general commodity carriers and passenger carriers. Small package carriers offer a service significantly different from that offered by either general commodity carriers, which do not provide an expedited small package delivery service, or passenger carriers, which generally transport small packages only between bus terminals. Where protestants, however, also specialize in small package delivery, authority for a competing service will not be granted in the absence of a showing of inadequate existing service, even when the territorial scope of the existing service is more limited than that sought by applicant.<sup>34</sup>

In *Hourly Messengers, Inc., Ext.—Parcels & Packages* (110 M.C.C. 626) we found that service interruptions resulting from employee disputes should be remedied by the issuance of temporary motor carrier authority designed to meet the immediate and urgent needs of the shipping public adversely affected by the strike, and that such temporary lack of service is not normally a basis for a grant of permanent authority. (See *Small Shipments*, page 13.)

## Nuclear Materials

The transportation of radioactive nuclear materials continued to grow in volume and complexity. The unusual public interest features of this operational sphere, arising from its strong national defense and safety overtones, formed the basis of our precedent-making determination in *Long Island Nuclear Service Corp. Com.*

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<sup>34</sup> *United Parcel Service, Inc., Ext.—Nine States* (111 M.C.C. 372).

*Car. Applic.* (110 M.C.C. 398). In that case we ruled that the carriage of nuclear wastes to Atomic Energy Commission burial sites constitutes for-hire transportation subject to economic regulation under part II of the act.

## Rulemaking Proceedings

As noted in the last annual report we instituted a proceeding<sup>35</sup> to consider the adoption of rules for motor carrier use of the nearest direct route approved by State and local authorities for movement of hazardous materials. Basing their support on the premise that accidents increase in proportion to the distance a vehicle travels, proponents of the rule believed its adoption would reduce risks in the movement of hazardous materials over circuitous routes.

We found there was no reasonable assurance that adoption of the proposed rule would increase the safety factor on the Nation's highways, and that the economic consequences, together with the practical problems of administering the proposed rule, would adversely affect the total transportation system. We cited our policy and the statute's stringent requirements for the licensing of new grants of authority for carriers of hazardous materials, and the options available to such carriers for coping with the problem of circuitous operations. Such carriers may avail themselves of our new Deviation Rules or file an application for elimination of gateways, for alternate route authority, or for the relocation of an interchange point. We found also that, despite the 1966 transfer of certain safety jurisdiction to the Department of Transportation, we retain jurisdiction to consider the safety factor when issuing new authority or when attaching appropriate terms, conditions, or limitations to existing operating rights.

In Ex Parte No. MC-76, we denied the request of the Heavy-Specialized Carriers Conference of the American Trucking Associations, Inc., for the institution of a general rulemaking proceeding for promulgation of a regulation permitting motor common carriers of property operating over irregular routes to deviate from or avoid their gateways during transportation of over-sized and overweight shipments. Our denial was based principally on the failure to demonstrate that motor carriers of over-sized or over-

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<sup>35</sup> *Regulations Governing Hazardous Materials* (111 M.C.C. 575).



weight shipments should receive special consideration, particularly in view of the relief afforded to irregular-route motor common carriers in case-by-case determinations and in those situations where the use of a particular gateway has a demonstrably adverse effect upon the safety of the public.

On the movement of goods by motor common carriers of property between the United States and Mexico and between the United States and Canada, each jurisdiction has its own policies with respect to the operation of motor vehicles by foreigners. For instance, the United States requires for-hire motor carriers operating in foreign commerce (with certain exceptions) to obtain appropriate authority whether the operation within this country is extensive or the carrier is going only from the border to a nearby point several hundred feet within this country for the purposes of transfer of equipment or lading. In a rulemaking proceeding <sup>36</sup> instituted because of problems reported by certain motor carriers operating across national boundaries, we considered whether the public convenience and necessity require all common carriers of property by motor vehicle, regardless of their country of origin, to be authorized by appropriate procedures to conduct for-hire operations between the border and the nearest practical point of interchange within the U.S. Because there was an insufficient showing of the broad range of interest that should exist in such a proceeding, and because the difficulties alleged to exist were not shown to be insurmountable or even burdensome, the proceeding was dismissed and the filing of individual applications to perform this interchange service will continue to be required. Should the present method of certification hinder the needs of the general shipping public, however, we indicated our intention to consider and explore any new proposals in this area.

Guided by Congressional policy statements as well as by our own independent study of our present fee schedule, we issued a notice of proposed rulemaking in Ex Parte No. 246. The proposals, based primarily on cost factors, envision either an increase in our existing charges or the assessment of fees in connection with services not now covered. Recognizing the possibility that other fee-setting methods might better carry out the intent of Congress, we have invited the submission by interested parties of alternative proposals.

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<sup>36</sup> *Traf. at or Near U.S.-Can. Boundary Lines* (110 M.C.C. 730).

As reported in our last annual report, three rulemaking proceedings are pending involving the scope of operations which may be performed pursuant to the "incidental to air" exemption of section 203(b)(7a) of the act. These proceedings, *Motor Transportation of Property Incidental to Transportation by Aircraft* (No. MC-C-3437) have under consideration the specific definition of the exempt air terminal areas surrounding Indianapolis and Atlanta. The proceedings challenge actions by the Civil Aeronautics Board in accepting air freight tariffs naming points far in excess of 25 miles of the airports involved. Our staff and that of the CAB have met a number of times during the past 6 months in order to coordinate our regulations in this important area of air-truck operations.

Another pending petition brings into question a number of the same issues in No. MC-C-3437 (Sub-No. 5). Additionally, it requests issuance of an order declaring the extent to which air carriers may use the services of surface carriers. This petition was filed concurrently before this Commission and CAB and also has been the subject of interagency discussions.

Two recent developments signify an increase in the attention which we intend to devote to the processing of loss and damage claims by regulated carriers and the effect of carrier practices on the adequacy of authorized transportation services. Not only are we more aware today of the effects of the practices of regulated carriers in processing loss and damage claims, but we are looking toward the development of a positive program of increased protection for the shipping public.

First, we strengthened a regulation promulgated in 1964 specifically to deal with the handling by household goods carriers of loss and damage claims.<sup>37</sup> There, we adopted a rule requiring motor common carriers of household goods to notify our Bureau of Operations and the often-unsophisticated shipper of household goods of the status of pending claims and the reasons for any delay in processing.

The second development was the institution of a general rulemaking proceeding, *Loss and Damage Claims* (Ex Parte No. 263). This was prompted by a petition filed by a number of shipper organizations opposing rules promulgated by carrier groups pertaining to concealed loss and damage claims. Our comprehensive

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<sup>37</sup> *Practices of Motor Common Carriers of Household Goods* (111 M.C.C. 427).

inquiry will look into all aspects of loss and damage claims handling by regulated carriers. We will consider what steps should be taken to protect shippers, both large and small, from the unilateral imposition by carriers of arbitrary loss and damage claim rules and practices. We will also evaluate the circumstances surrounding the simultaneous effective dates of the adopted claims rules and the nature of the collective action by the carriers. Other matters included within the sphere of this inquiry include the practices of some carriers of deliberately or unreasonably delaying determinations of liability for loss and damage claims and, in some instances, failing to pay claims once carrier liability has been determined.

The interest thus far generated in this proceeding, as evidenced by the number of parties who have indicated their intention to participate, lends promise to our resolve to remove from the Nation's regulated transportation industry those impediments to continuous, adequate, and responsive service which have their roots in the handling and processing of loss and damage claims.

At the request of a Congressional committee which was conducting hearings on proposed legislation to allow surface freight forwarders to enter into joint-rate and through-route arrangements with other carriers, we instituted *Investigation into the Status of Freight Forwarders* (Ex Parte No. 266). The basic questions concern whether the time has come to alter the relationship between freight forwarders and the carriers they employ for performing underlying transportation; and whether the forwarders no longer should be treated as shippers, but rather as full-fledged common carriers able or required to join with other forwarders or connecting rail, motor, and water carriers in the establishment of through routes and joint rates.



## FINANCE AND ACCOUNTS

### Carrier Financial Condition

The accompanying table and graphs show the performance of each regulated mode in terms of operating revenues. Other aspects of carriers' financial condition are discussed in the sections for individual modes below. In the first two graphs, the long-term trend in operating revenues for each mode is traced out while the third graph compares operating revenue growth for each mode with the growth in national income.

Operating revenues of ICC-regulated carriers as a group grew 6.7 percent in 1969, as compared with 4.0 percent in 1968. Motor carriers of property and oil pipelines had notable percentage increases comparable to the 8-percent increase in national income in 1969. Other ICC-regulated carriers' operating revenues grew by less or, in the case of REA Express, declined. The steep decline of 9.8 percent in REA Express revenues in 1969 brings the total drop in revenues from the peak year 1966 to 15.6 percent, concomitant with a substantial drop in tonnage.

Operating revenues  
Dollars in Thousands

Mode of transportation	Year ended December 31, 1969		
	Year ended December 31, 1968	Amount (Preliminary)	Percentage change from calendar year 1968
Railroads <sup>1</sup>	\$11,356,641	\$11,955,000	+5.3
REA <sup>2</sup>	298,920	269,638	-9.8
Waterlines <sup>3</sup>	435,200	450,000	+3.4
Pipelines (oil)	1,022,962	1,103,258	+7.8
Motor carriers of passengers	990,600	1,007,000	+1.7
Motor carriers of property	12,400,000	13,500,000	+8.9
Grand total	\$26,504,323	\$28,284,896	+6.7

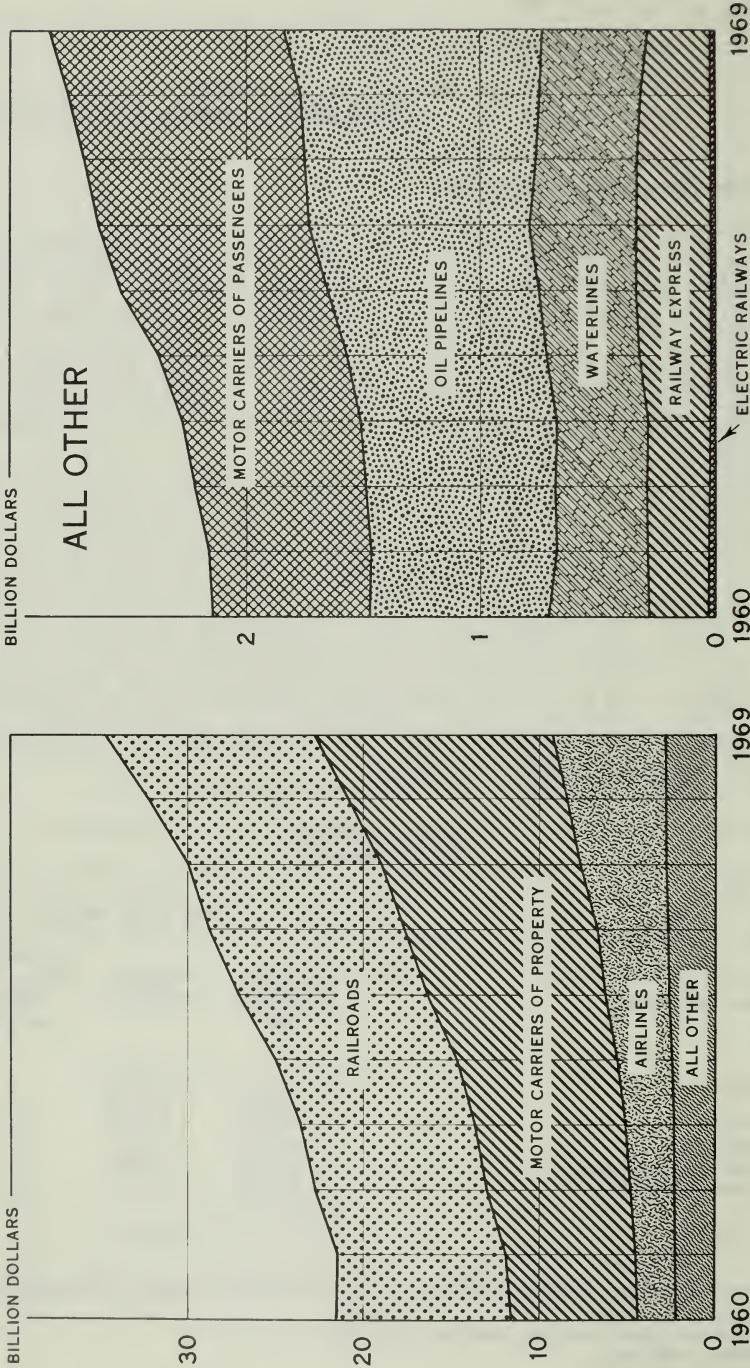
<sup>1</sup> Consists of line-haul, switching and terminal, Alaskan and Hawaiian companies and the Pullman Co. Excludes electric railways.

<sup>2</sup> Payments to others for express privileges are excluded.

<sup>3</sup> Domestic traffic only.

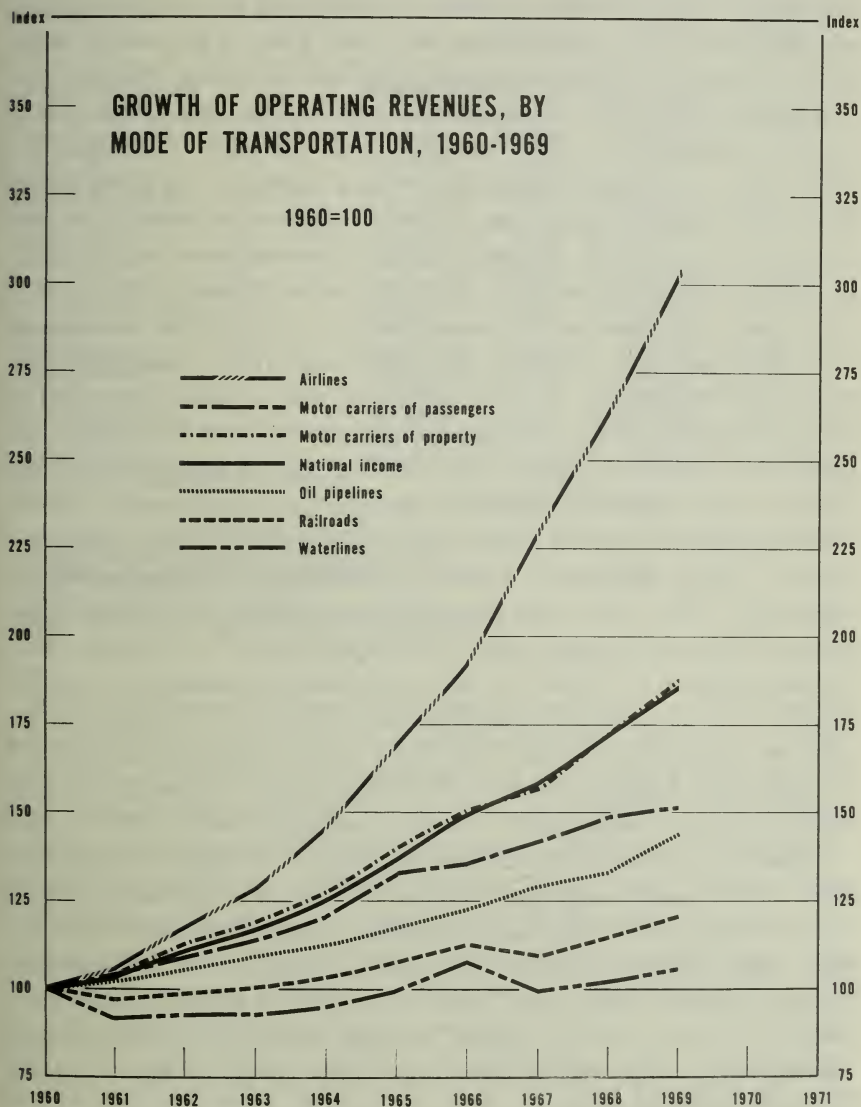
Source: Reports to ICC.

OPERATING REVENUES, BY TRANSPORT AGENCY, 1960-1969



SOURCE: ANNUAL REPORTS TO THE INTERSTATE COMMERCE COMMISSION AND THE CIVIL AERONAUTICS BOARD.

Operating revenues of class I bus companies overtook class I rail revenues assigned to passenger and allied services for the first time in 1968. In 1969 the bus revenues were \$838.6 million, compared with rail revenues of \$638.2 million, of which mail, express, and freight revenues constituted 16 percent, down from 23 percent in 1968. Bus mail and express revenues, on the other hand, have been



NOTE: EXCLUDES ELECTRIC RAILWAYS AND RAILWAY EXPRESS WHICH COMBINED ARE LESS THAN ONE PERCENT OF THE TOTAL 1969 REVENUES.

SOURCE: ANNUAL REPORTS TO THE INTERSTATE COMMERCE COMMISSION AND THE CIVIL AERONAUTICS BOARD.  
NATIONAL INCOME - DEPARTMENT OF COMMERCE.



gradually increasing as a portion of total bus revenues, reaching 11 percent in 1969.

*Railroads.*—The financial results of 1969 operations of class I line-haul railroads are summarized in the accompanying table, which shows the change from 1968 in selected statistics. Ton miles of revenue freight grew 3.1 percent, nearly half as much as the percentage increase in freight revenues. Underlying the freight revenue increase was also the application, for a full year, of the second stage of Ex Parte No. 259 authorized general rate increases, effective November 28, 1968, and, for somewhat over one month, of the initial increase authorized in Ex Parte No. 262, effective November 18, 1969. The drop in passenger revenues of 1.3 percent was the smallest since 1962. But total revenues assigned to passenger service, including dining and buffet, sleeping car, and headend services—relating largely to long-haul service—dropped more. Wages and material prices were up significantly from 1968 for a 5.7-percent increase in operating expenses. Though the long-term trend downward continues in the number of employees, the cost of labor nevertheless increased by 6.7 percent. Profitability measures such as ordinary income and return on equity declined, but not as sharply as the decline in the railroads' liquidity position, as represented by net working capital (current assets—excluding materials and supplies—minus current liabilities). Capital expenditures increased substantially over 1968, with road expenditures reaching an all-time high. Some of the increase may reflect the expediting of investment plans in anticipation of repeal of the 7-percent investment tax credit. Public Law 92-172, effective December 30, 1969, provided for repeal of the credit but also for five-year amortization of railroad rolling stock acquired after 1968. Total capital expenditures and expenditures for equipment were, nonetheless, below 1967 levels.

Financial results of the different districts diverge considerably from the national totals and from each other. The national drop in ordinary income in 1969 was concentrated largely in the eastern district, while southern district railroads experienced a 19-percent increase. On the other hand, only the western district reported a decline for net working capital in 1969, although eastern district maintained a high deficit level following a drop of \$97.1 million between 1967 and 1968.

In part, both district and U.S. results reflect the financial reverses of the Penn Central, which filed for reorganization in June 1970.

Ordinary income fell from a peak of \$83.8 million (the predecessor roads combined) in 1966 to deficits of \$48.1 million in 1968 and \$82.8 million in 1969.

Selected statistics—class I line-haul railroads<sup>1</sup>

		1968	1969	Percent change
Total operating revenues	thousands	\$10,854,678	\$11,450,325	+5.5
Wage and material price index <sup>2</sup>	1957-59 = 100	135.2	143.3	+6.0
Number of employees	average	590,536	578,277	-2.1
Return on equity	percent	3.14	2.61	
Road expenditures	thousands	\$ 368,599	\$ 420,681	+14.1
Equipment expenditures	thousands	\$ 818,736	\$ 1,088,712	+33.0
Ordinary income, U.S.	thousands	\$ 590,402	\$ 514,288	-12.9
Eastern district	thousands	\$ 88,393	\$ 21,329	-75.9
Western district	thousands	\$ 384,886	\$ 353,543	-8.1
Southern district	thousands	\$ 117,123	\$ 139,366	+19.0
Net working capital, Dec. 31, U.S. <sup>3</sup>	thousands	\$ 154,489	\$ 58,391	-62.2
Eastern district	thousands	\$ 141,194	\$ 137,948	
Western district	thousands	\$ 221,525	\$ 76,299	-65.6
Southern district	thousands	\$ 74,158	\$ 120,040	+61.9
Ton miles	millions	744,479	767,867	+3.1
Tons of freight carried	thousands	2,596,017	2,670,641	+2.9
Freight revenue	thousands	\$ 9,749,788	\$10,346,258	+6.1
Passenger revenue	thousands	\$ 444,334	\$ 438,667	-1.3
Total revenues from passenger and allied services	thousands	\$ 685,784	\$ 638,187	-6.9

<sup>1</sup> Annual operating revenues of \$5 million or more.

<sup>2</sup> Source: Association of American Railroads.

<sup>3</sup> Excludes materials and supplies.

Source: Annual Reports to the Commission except as noted.

*Motor Carriers of Property.*—Statistics for class I intercity motor carriers of property,<sup>38</sup> shown in the following table, indicate a slight decline in profitability between 1968 and 1969. The rate of return from transportation service and the ratio of net income to shareholders' and proprietors' equity fell somewhat below respective averages for the decade of the 1960's of 18.4 percent and 11.4 percent. Though calendar 1969 was not affected by the labor strikes and contract settlement of April 1970, expenses still grew faster than revenues. Operating revenues for 1969 were buoyed by an extraordinary 43-percent increase in local revenues, which have tripled since 1965. The increase in employee compensation in 1969, constituting 40.7 percent of the increase in operating expenses, breaks down to a

<sup>38</sup> Annual revenues of \$1 million or more.

4.2-percent increase in compensation per employee and a 6.7-percent increase in the average number of employees.

*Motor Carriers of Passengers.*—Because of a change in the revenue requirement for class I motor carriers of passengers, the number of bus companies filing annual reports with the Commission as class I carriers in 1969 dropped too much to allow comparisons with statistics for class I carriers that reported in 1968. Statistics based on the companies' annual reports may be found in Tables 21, 22, and 23 of Appendix G. In the adjoining table, the 1968 and 1969 aggregates shown pertain to class I intercity carriers filing quarterly reports with the Commission for the last quarter of 1969. These statistics show increases for all categories of operating revenues in 1969. Revenues from charter and special services and other operating revenues (derived mostly from the handling of baggage and small parcels), which have risen three times as fast as those from

Selected statistics—class I intercity motor carriers

		1968	1969	Percent change
<b>MOTOR CARRIERS OF PROPERTY</b>				
Number of carriers		1,252	1,296	—
Operating revenues	millions	\$9,525.8	\$10,723.4	11.8
Operating expenses	millions	\$9,128.8	\$10,290.7	12.7
Operating ratio	percent	95.2	96.0	—
Net carrier operating income	millions	\$ 461.5	\$ 432.1	−6.4
Ordinary income	millions	\$ 235.2	\$ 201.7	−14.2
Rate of return from transportation services	percent	21.2	17.4	—
Ratio of net income to shareholders' and proprietors' equity	percent	12.9	8.8	—
<b>MOTOR CARRIERS OF PASSENGERS</b>				
Operating revenues <sup>1</sup>	millions	\$ 641.1	\$ 676.4	5.5
Passenger intercity schedules	millions	\$ 464.7	\$ 483.4	4.0
Local and suburban schedules	millions	\$ 13.0	\$ 13.4	3.1
Charter and special services	millions	\$ 67.4	\$ 74.0	9.8
Other operating revenues	millions	\$ 96.1	\$ 105.6	9.9
Net carrier operating income <sup>1</sup>	millions	\$ 77.3	\$ 82.7	7.0
Ordinary income <sup>1</sup>	millions	\$ 59.0	\$ 53.9	−8.6
Operating ratio <sup>2</sup>	percent	88.3	87.3	—
Ratio of net operating income to net investment in transportation property and working capital <sup>2</sup>	percent	24.6	18.3	—
Ratio of net income to shareholders' and proprietors' equity <sup>2</sup>	percent	14.4	15.1	—

<sup>1</sup> Cumulative quarterly figures from Statement A-750 pertaining to 70 carriers.

<sup>2</sup> From annual reports to the Commission by 173 carriers in 1968 and 70 carriers in 1969. Effective January 1, 1969, the revenue requirement for class I motor carriers of passengers was increased from average annual operating revenues of \$200,000 or more to \$1 million or more.

Note: Rates of return on equity and on transportation investment plus working capital for motor carriers of passengers are affected by reporting of Greyhound Lines, Inc., on a consolidated basis and inclusion of balance sheet items for the parent company for the first time in 1969.



passenger intercity and local schedules since 1965, continued the same trend in 1969. While profits before income taxes, fixed charges and results of non-carrier operations and investments (net carrier operating income) rose, profits taken after these items (ordinary income) declined. Comparisons between the 1968 and 1969 profitability ratios shown in the table are inconclusive, inasmuch as the figures apply to markedly different groups of carriers.

Preliminary figures for the first half of 1970 for 70 carriers show an 8.5-percent increase over the first half of 1969 in operating expenses offsetting a 6.8-percent increase in operating revenues, contributing to a decline in ordinary income of 23.8 percent.

*Other Modes.*—In the accompanying table, the results of 1969 operations, as compared with 1968 are summarized for large carriers by water, freight forwarders, and oil pipelines subject to Commission regulation.<sup>39</sup> The following discussion on each mode is limited to these carriers.

*Water Carriers.*—Total waterline operating revenues failed to increase as much as freight and passenger revenues in 1969, in part because of a 9.2-percent decline in revenues from terminal operations. Net revenue and the operating ratio showed some impairment as a result of a 5.3-percent increase in operating expenses, which occurred in spite of a 10.4-percent decline in employee compensation. Average compensation per employee rose 9.0 percent, but the average number of employees declined 17.8 percent, following a 4.7-percent drop in 1968. Waterline operations rate of return on transportation property and working capital continued a steady drop from the peak of 15.2 percent reached in 1965. The ratio of net income to shareholders' equity dipped below the average of 9.8 percent for the decade of the 1960's.

*Freight Forwarders.*—While the number of shipments handled by forwarders fell in 1969, revenues from forwarder operations, net income, and the operating ratio were sustained by a much lesser drop in total weight of shipments, an increase in charges per hundred pounds, and a less than proportionate increase in transportation purchased from the various modes. An increase in employee compensation of 9.3 percent accounted for nearly half the increase

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<sup>39</sup> Class A water carriers are those having average annual operating revenues exceeding \$500,000. Class B carriers are those having average annual operating revenues exceeding \$100,000 but not more than \$500,000. Class A freight forwarders have average annual gross operating revenues of at least \$100,000.

in operating expenses, with the average number of employees increasing 6.8 percent over 1968 and reaching the highest level since 1962. "Other transportation purchased," which includes air transportation as a major component, jumped 47 percent to \$12.8 million in 1969, a level seven times as high as in 1960.

*Oil Pipelines.*—For the second consecutive year, trunkline sys-

Selected statistics—class A and B carriers by inland and coastal waterways,  
class A freight forwarders, and oil pipelines

		1968	1969	Percent change
<b>WATER CARRIERS</b>				
Number of carriers		85	87	—
Operating revenues	millions	\$ 307.6	\$ 318.8	3.6
Freight revenues	millions	\$ 228.5	\$ 239.0	4.6
Passenger revenues	millions	\$ 9.2	\$ 9.7	6.0
Operating ratio	percent	88.5	90.0	—
Net revenues	millions	\$ 35.3	\$ 31.9	-9.5
Waterline operations rate of return on investment in transportation property and working capital	percent	12.3	11.4	—
Ratio of net income to shareholders' equity	percent	11.0	8.5	—
<b>FREIGHT FORWARDERS</b>				
Number of carriers		64	63	—
Number of shipments	millions	16.8	15.5 <sup>1</sup>	-7.8
Total weight of shipments	millions	4.5	4.4 <sup>1</sup>	-1.5
Revenues from shipments	millions	\$ 560.7	\$ 590.2 <sup>1</sup>	5.3
Total transportation purchased from carriers handling forwarder traffic	millions	\$ 367.7	\$ 384.2	4.5
Railroad transportation purchased	millions	\$ 165.2	\$ 170.7	3.3
Motor transportation purchased	millions	\$ 96.9	\$ 99.9	3.1
Total operating revenues (transportation revenues less transportation purchased)	millions	\$ 196.9	\$ 210.9	7.1
Operating expenses	millions	\$ 179.8	\$ 193.6	7.7
Revenue from forwarder operations	millions	\$ 17.2	\$ 17.3	0.8
Operating ratio	percent	91.3	91.6	—
Ordinary income	millions	\$ 6.8	\$ 7.0	3.9
<b>OIL PIPELINES</b>				
Crude oil, trunkline systems barrel miles <sup>2</sup>	billions	1,270.5	1,321.5	4.1
Refined oil products trunkline systems, barrel miles <sup>2</sup>	billions	951.7	995.0	4.6
Miles of trunklines operated <sup>2</sup>	thousands	121.8	124.5	2.2
Operating revenues	millions	\$ 990.5	\$1,069.3	8.0
Operating expenses	millions	\$ 577.5	\$ 623.2	7.9
Net revenues	millions	\$ 413.0	\$ 446.1	8.0
Net income after extraordinary and prior period items	millions	\$ 254.1	\$ 263.3	3.6
Operating ratio	percent	58.3	58.3	—
Ratio of net revenues to net investment in transportation property and working capital	percent	13.4	13.6	—
Ratio of net income to shareholders' equity	percent	16.2	15.6	—

<sup>1</sup> Preliminary. Excludes three carriers.

<sup>2</sup> Includes pipeline departments of five large oil companies.

tems barrel miles of refined oil products grew at a much reduced pace as compared with years preceding 1968. Between 1964 and 1967, pipeline traffic in products more than doubled. The rise in crude oil barrel miles was somewhat less than the 5.2 percent registered in 1968. The increase in pipeline operating revenues was twice the percentage growth in traffic but was nearly matched by the increase in operating expenses, affected in part by a 6-percent increase in compensation per employee. The number of employees stayed nearly constant, however, from 1965 to 1969, in spite of the vigorous growth in traffic. The rate of return on transportation property and working capital, though slightly higher than in 1968, fell below that of previous years in the 1960's, and the rate of return on shareholders' equity, though still high relative to other modes, was the lowest in the decade.

## Securities

There has been a steady increase in applications for issuance of securities, illustrated by the number of applications received this year as compared to those received in the prior fiscal year. More significant is the substantial increase in the complexity of the later applications. This has been caused by such factors as the sharp rise in the number of holding companies and the growth in the size of carriers in their primary operations and in non-carrier activities. Also, the tight money situation has resulted in a sharp rise in interest rates and numerous changes in financing patterns. In the early sixties there were only a handful of holding companies controlling carriers. Now there are 56 holding companies in control of motor carriers and at least nine holding companies controlling railroads which are subject to our jurisdiction. The complexity of the financial structures of these holding companies is vastly greater than that of the carriers and requires closer scrutiny. The number of such holding companies under this Commission's control may increase severalfold if Congress should adopt proposals which would subject to this Commission's jurisdiction all holding companies which control carriers.

During the past year we have evolved new standards in appropriate proceedings in order to more effectively protect carriers from certain holding company practices which potentially may adversely affect the carriers controlled. This had been done by imposing re-



strictions on intercompany advances and property transactions; and bars against the encumbering of carrier assets for non-carrier purposes, unless such actions are first approved by the Commission. This area is still developing and recommended new legislation to enlarge our authority to cover these situations has also been submitted to Congress. We are concerned with the reliance by carriers on short-term financing which results, in part, from the present high cost of financing long-term debt securities. This was pointedly brought out in our report and order of October 29, 1969, in *Penn Central Transportation Company Notes* (336 I.C.C. 1.)

## **Railroad Reorganizations**

Two major railroads went into reorganization proceedings during the year: The Boston & Maine Corporation and the Penn Central Transportation Company (Penn Central). (See page 29).

Reorganization plans of two others, Boston and Providence Corporation and the New Haven were largely contingent on their inclusion in the Penn Central. How these inclusions may be affected by Penn Central's reorganization proceeding remains to be seen.

## **Loan Guaranties**

There has been a continued reduction in the principal amount outstanding under the part V loan guaranty program. As of June 30, 1970, the outstanding balances totaled \$165,344,568 as compared to \$179,339,611 on June 30, 1969. There was an increase in petitions requesting modification of loans so as to extend their maturity. Some railroads have found it difficult to meet their loan commitments in the light of a decline in earnings and tight working capital situations. In addition the Boston and Maine Corporation had outstanding loans in the principal amounts of \$3,200,000 secured by collateral in principal amount of \$5,800,000 (appraised at \$3,500,000), and Penn Central had an outstanding loan of \$16,900,000, secured by collateral in principal amount of \$43,700,000 (appraised at \$9,200,000). Demands for payment under the guaranties and the assignment of the claims of the United States to the Department of Justice were being processed at the end of the fiscal year.

We have under consideration the problem that may arise should certain railroads be unable to meet full payment of their guaranteed

loans within 15 years from the date the loans were made. At present all loans would mature no later than 1978. As of the end of fiscal 1970 we have been furnishing information to various committees of Congress relative to our experience under the part V loan program in conjunction with a bill submitted by the Department of Transportation, which requests adoption of a new guaranteed loan program to further assist railroads in difficulty in this critical period.

## Accounting

*Modification of Accounting Regulations.*—Comprehensive proposed revisions in the railroad accounting rules were published during the year under our program to modify the uniform systems of accounts to keep the rules current with the developments in the industry and changing economic conditions. The revisions recognize certain technological changes in the railroad industry respecting substantial investment in special-purpose equipment and facilities used in TOFC operations, and maintenance of railroad property.

A concerted effort is being made with the motor carrier industry for a complete revision of the uniform system of accounts for Class I and Class II motor carriers of property. The objective is to provide a more refined expense and statistical distribution, both for determining costs for ratemaking purposes and for carrier control purposes.

Major revisions relate to changing the reporting to a functional basis which identifies those expenses that can be assigned directly to services, and providing guidelines for distributing indirect expenses to the various motor carrier functions performed.

We anticipate this revision will be a step forward in promoting more efficient motor carrier operations and in providing better cost statistics for decisional purposes in rate proceedings before the Commission.

*Carrier Reporting Requirements.*—Several changes were made in the reporting system to provide more information on expanded and diversified carrier activities. Motor carriers of property are required to report additional information regarding transactions between the carriers and their affiliates. Similar changes are being developed for the railroad industry. The information is valuable in determining the true costs of carrier operations. The information

reported by Class I railroads regarding highway grade crossing protection and grade separation was revised to meet the needs of the Federal Railroad Administration (DOT). Annual reports of all railroads were revised to reflect the consequences of the Tax Reform Act of 1969.

*Growth of Pipeline Industry.*—In the past few years, pipeline valuation work has increased appreciably. Starting in 1963 and 1964, the pipeline industry expanded its capacities with the advent of the “Big Inch” pipelines, such as the Colonial and Capline Pipeline Companies. The offshore discoveries have had a dramatic effect on the industry as these areas have proven to be prolific. Currently, the North Slope Alaskan discovery will bring a new dimension to pipelining, necessitating novel and unique engineering concepts and know-how to complete. The line will stretch 800 miles from the Northern Slope southward to Valdez on the Gulf of Alaska and consist of a ribbon of 48-inch diameter pipe, estimated to cost \$1.3 billion.

The investment in common carrier pipelines has grown from \$3.5 billion in 1962 to \$5.4 billion in 1969. With the building of larger, more complex and intricate pipelines, the work of analyzing and valuing these properties has become complicated and time consuming.



## **FREIGHT TRAFFIC LEVELS**

### **Intercity—Public and Private Ton Miles**

The table on page 77 shows the growth of public and private intercity ton miles from 1968 to 1969 and their relative positions in each year by mode. Total ton miles for all modes increase 3.2 percent in 1969 over 1968; each mode of transportation showed a rise, ranging from 1.9 percent for motor to 10.3 percent for air. Railroad ton miles remained the highest while oil pipeline ton miles rose to second place. Motor ton miles moved to third while water and air ton miles remained in fourth and fifth, respectively.

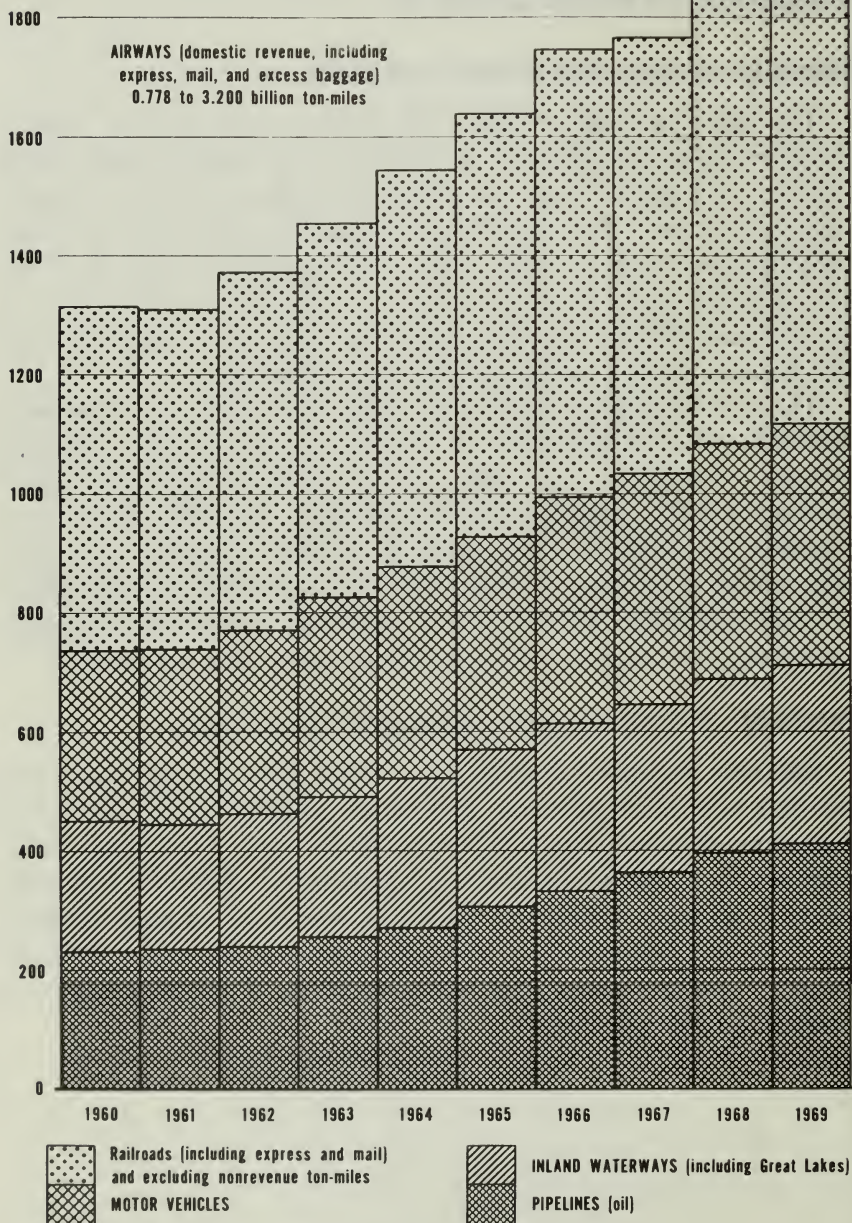
The accompanying chart shows the relative comparisons between modes for the past ten years. An examination of the chart depicting indexes of intercity ton miles, industrial production, and gross national product (less services) for the past ten years reveals that intercity ton miles have not grown as rapidly as industrial production and gross national product. The same general situation applies to 1969 compared to 1968. While industrial production increased by 4.4 percent, intercity ton miles increased by only 3.3 percent.

### **Intercity—Regulated and Unregulated Ton Miles**

Federally regulated intercity ton miles during 1968 accounted for 62.2 percent of the total. Federally regulated water carrier ton miles amounted to only 7.3 percent of the total water traffic. The comparable figure for 1967 was 36.5 billion ton miles or 7.1 percent of the total water ton miles. The table and chart on page 78 show the federally regulated and total intercity ton miles for 1968 by mode of transportation; less than two-thirds of the total traffic is under economic regulation.

# INTERCITY TON-MILES, PUBLIC AND PRIVATE, BY MODE OF TRANSPORTATION, 1960-1969

Billion ton-miles



SOURCE: ANNUAL REPORTS OF THE INTERSTATE COMMERCE COMMISSION.

Intercity ton miles, public and private, by mode of transportation, 1968 and 1969<sup>1</sup>

Mode of transportation	1968		1969	Percent change	Percent of grand total	
	Millions	Millions			1968	1969
1. Railroads and electric railways, including express and mail	756,800	780,000		+ 3.1	41.16	41.09
2. Motor vehicles	396,300	404,000		+ 1.9	21.55	21.28
3. Inland waterways including Great Lakes	291,409	300,000		+ 2.9	15.85	15.80
4. Pipelines (oil)	391,300	411,000		+ 5.0	21.28	21.65
5. Airways (domestic revenue service) including express, mail, and excess baggage	2,900	3,200		+10.3	0.16	0.17
Grand total	1,838,709	1,898,200		+ 3.2	100.00	100.00

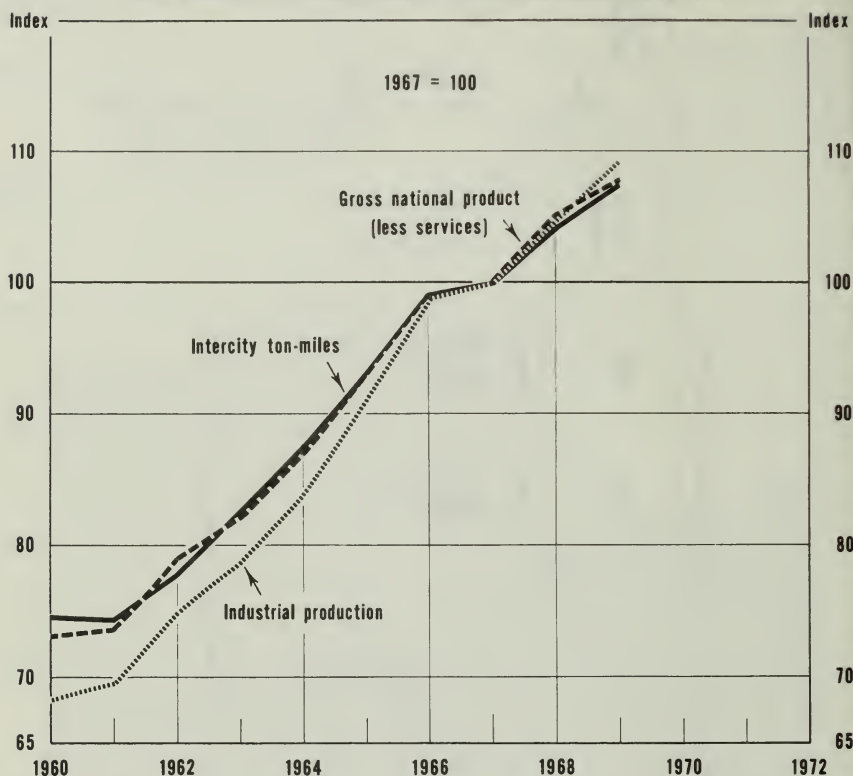
<sup>1</sup> Data for 1969 are preliminary.

Sources (numbers below same as items in table):

1. Reports to the Interstate Commerce Commission (ICC).
2. Based on data obtained from the Bureau of Public Roads.
3. Reported by the Corps of Engineers, Department of the Army. Only ton miles in domestic waters are included.
4. Estimated by using reports to the ICC.
5. Based on statistics obtained from the Civil Aeronautics Board.



# INDEXES OF INTERCITY TON-MILES, INDUSTRIAL PRODUCTION, AND GROSS NATIONAL PRODUCT (LESS SERVICES), 1960-1969



SOURCES: FEDERAL RESERVE BOARD, OFFICE OF BUSINESS ECONOMICS, AND INTERSTATE COMMERCE COMMISSION.

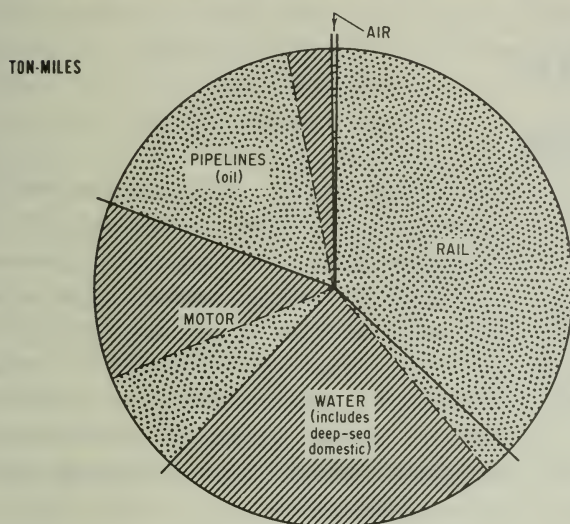
## Federally regulated and total intercity ton miles, 1968, by mode of transportation

Mode of transportation	Federally regulated		Not federally regulated		Total	
	Ton miles	Percent	Ton miles	Percent	Ton miles	Percent
	Billions		Billions		Billions	
Rail	756.8	100.0	0.0	0.0	756.8	100.0
Motor	155.4	39.2	240.9	60.8	396.3	100.0
Water <sup>1</sup>	38.0	7.3	482.6	92.7	520.6	100.0
Pipelines (oil)	332.3	84.9	59.0	15.1	391.3	100.0
Air <sup>2</sup>	2.9	100.0	0.0	0.0	2.9	100.0
Total	1,285.4	62.2	782.5	37.8	2,067.9	100.0

<sup>1</sup> Federally regulated ton miles include only regulated traffic carried by regulated water carriers. All exempt traffic is excluded. The separation was made this year from data supplied by the Corps of Engineers, Department of the Army. The total water carrier data include deep-sea, coastwise and intercoastal service.

<sup>2</sup> Air ton miles are supplied by the Civil Aeronautics Board.

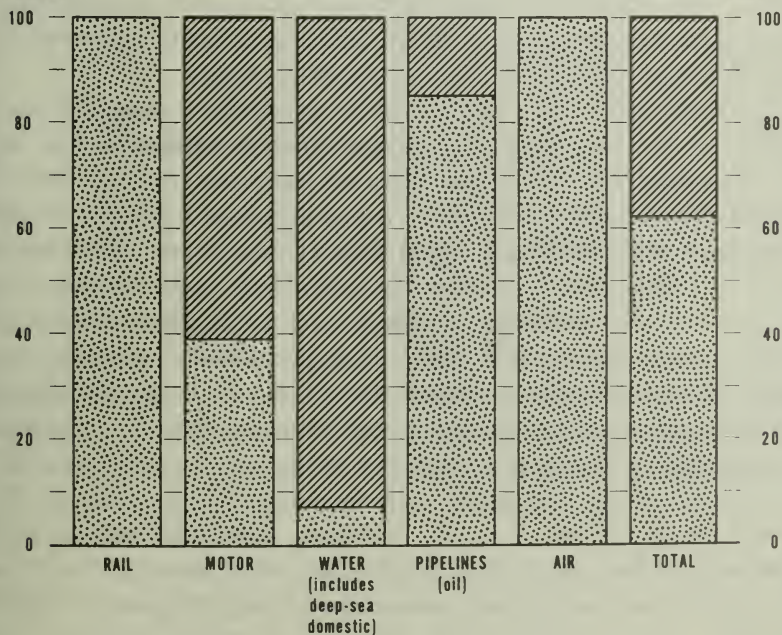
# INTERCITY TON-MILES OF FEDERALLY REGULATED AND NOT FEDERALLY REGULATED CARRIERS, 1968



Federally regulated

Not federally regulated

Percents



## ENFORCEMENT

### Consumer Matters

The Commission's increasing concern with consumer matters, as indicated in earlier chapters of this report, is reflected in increased participation by the Bureau of Enforcement in matters where individual consumers of transportation need representation somewhat different from the more organized industrial, shipping and transportation company interests. Areas involved include household goods carrier rules, provision of adequate insurance protection for the public, and inadequate carrier service to small shippers, to shippers who have unattractive freight, and to shippers located at points remote from large communities.

*Household Goods.*—One of the most significant Commission proceedings was Ex Parte No. MC-19 (Sub-No. 8), *Practices of Motor Common Carriers of Household Goods*. In this case the Commission adopted a comprehensive series of rules, which became effective June 1, 1970, near the beginning of the year's peak moving season. These rules are designed to afford fuller protection to the public in its dealings with the household goods industry.

The Commission has continued to prosecute household goods carriers for the violations of consumer interest enumerated at page 90 of our 83rd Annual Report. One of the more unusual criminal cases in the past year resulted in a fine imposed upon the general manager of a Florida-based agent of a Syosset, New York van line company. The case arose when an individual requested the company to move his household goods from Fort Lauderdale, Florida, to New York City. Shortly after his shipment was picked up, this householder attempted to cancel the move. The general manager told him that it was too late to cancel the move since the truck had already left the Miami area and was on its way to New York City, but that he would attempt to turn it around. The manager later advised the man that the truck had been turned around in South Carolina and that the full tariff charges for the move to New York City would have to be paid before the household goods would be



released. To substantiate this, the manager instructed the driver of the unit transporting the shipment to falsify his driver's logs so that it would appear that the truck had turned around at a point in South Carolina approximately halfway between Fort Lauderdale and New York City. The bill of lading and freight bill also were made to show line-haul charges based on the distance from Fort Lauderdale to New York City. Actually, the shipment never left the Hialeah terminal.

The Commission has also used demands for civil forfeitures to obtain compliance with household goods carrier regulations. The largest forfeiture settlement under the Commission's former household goods regulations was made on our claims against United Van Lines, Inc. for \$8,500. The carrier had been transporting shipments of household goods but at times failed to obtain and preserve weight certificates; failed to include on bills of lading preferred delivery dates or the period of time in which delivery of given shipments might be expected at destinations; failed to give required notice to shippers with respect to delays and charges that exceeded the estimates; and failed to retain a copy of the estimate of charges or furnish a copy of it to the shipper. These practices constituted violations of the household goods regulations prescribed by the Commission.

*Insurance.*—The Commission has long required financial protection of the public with respect to bodily injuries or death through carrier negligence and with respect to property loss or damage. This requirement is imposed under section 215 of the act and has led to enforcement actions providing direct consumer protection. Typically the Commission stops carrier operations without insurance by use of court injunctive procedures and contempt of court actions when injunctions are violated as described on pages 96 and 97 of our 83rd Annual Report. During the past year, for instance, the Commission has used such court proceedings in Georgia, Virginia, North Carolina, New York, New Jersey, Massachusetts and Rhode Island. This program has increasing importance to the public in those places where carriers are experiencing substantial difficulty in obtaining insurance coverage because of hijacking and other cargo thefts.

*Small Shipments Problems.*—The Commission has continued to attack the so-called small shipments or motor carrier service problem discussed earlier by criminal prosecutions as well as by the

described Commission actions. In the past year, for instance, fines ranging up to \$1400 were imposed by the courts on motor carriers convicted of failing to provide adequate and reasonable service.

*Train Halted in Mid-Run.*—The Chicago, Burlington and Quincy Railroad Company was fined \$2500 plus costs for its abrupt discontinuance of passenger train service in Nebraska on August 14, 1969. The train was halted in mid-run, rather than completing its schedule, in order to obtain a supposed advantage in discontinuance litigation. Later, when the discontinuance case appeal became final, the railroad gave the public 48 hours' notice before discontinuing train service and completed all scheduled runs.

## Protection of Rate Integrity

Under the regulatory system prescribed by the Interstate Commerce Act the principle of equal treatment of shippers has been preserved and fostered by specific provisions of this act, as well as by companion provisions of other statutes such as the Elkins Act. While a particular rate remains in effect, that is *the* rate that the common carrier must charge *all* those who tender freight under it. The shipper has, in other words, the right to ship under that rate knowing that all of his competitors similarly situated will be offered no undue advantage and given no undue preference for comparable services. As a part of this pricing structure, it should be noted that charges for every accessorial service provided by the carrier must be included in its tariff. Every shipper has the right to ship his goods and obtain *all* the services provided other shippers at the price specified in the tariff.

It is not only unlawful for the carrier to give any of a shipper's competitors a rebate or concession, but it is also unlawful for a competitor—and for the shipper himself—to receive, or even solicit, a rebate or concession. Enforcement cases based on violation of this rate equality requirement traditionally bring the largest and most significant penalties of any violations of the interstate commerce law.

*Free Switching.*—The Ford Motor Company paid claims totaling \$250,000 under the Federal Claims Collection Act as a result of violations of section 1 of the Elkins Act, 49 U.S.C. 41(3). The claims arose as a result of the Ford Motor Company obtaining from The Western Pacific Railroad Company and Southern Railway Com-

pany free switching of partly loaded rail freight cars. Applicable switching charges were not paid. The Western Pacific has been fined \$100,000 in the United States District Court at San Francisco, Calif., for providing the free switching service.

*Unauthorized Cartage Allowance.*—Elkins Act forfeiture claims of \$14,090 were paid by Sentinel Star Company of Orlando, Florida, on March 24, 1970. The claims against the newspaper company arose as a result of its accepting unauthorized cartage allowances on newsprint from the Seaboard Coast Line Railroad Company.

*Misdescription of Shipment.*—Some \$24,000 in Elkins Act fines was assessed against Francis A. Finberg and his personally-operated Top Shippers Association, Inc. at Dallas, Texas. The defendants were charged with false billing of "hats" as "cotton scarves or braids" in order to defeat the published tariff rate. Previously, in 1966, both defendants had been charged with violating the Elkins Act by the receipt of excessive credit on freight charges.

National Carloading Corporation was ordered to pay fines of \$1,000 on each of 10 counts, for a total of \$10,000, on a criminal information charging the soliciting and obtaining of concessions from St. Louis-San Francisco Railway Company ("Frisco"). The forwarder's offense consisted of tendering individual cars of rail freight for immediate transportation on each of several days during a week, and then soliciting the carrier to consolidate a number of such shipments on paper as though they had been transported as a single, "battery" shipment. In this fashion, the forwarder obtained the lower "battery shipment" freight rate.

Railway Express Agency, Inc., was fined \$5,000 on a plea of nolo contendere to five counts of Elkins Act violations. The information charged REA with assessing and collecting lower commodity rates and charges, which it knew were not applicable, on shipments of silverware from Chelsea, Mass.

*Fictitious Unloading.*—Land Trucking Company of Jacksonville, Fla. settled Elkins Act claims for \$10,000, arising when it received payments from the Southern Railway Company and the former Seaboard Air Line and Atlantic Coast Line railroads for unloading trailers. The unloading was in fact performed by employees of warehouse companies which received the interstate trailer-on-flat-car shipments transported by the three railroads.

The Erie Lackawanna Railway Company paid a fine of \$8,000 resulting from charges of Elkins Act violations. Although tariff-



authorized service was not performed, the railroad paid for claimed cartage of shipments to its off-line stations at New York City. As a result interstate shipments were transported at less than published tariff rates and at unlawful concessions.

*Interest Free Loan.*—On May 1, 1970 in the United States District Court for the District of New Jersey at Newark, defendants Jones Trucking Co. and Arnold Cohen each pleaded guilty to charges of granting and receiving rebates. These cases arose out of the granting of an interest free personal loan of \$15,000 by Jones Trucking Co., a motor contract carrier, to Arnold Cohen, who was at the time a vice president of Food Fair Stores, Inc., Jones's shipper. Jones was charged with rebating a portion of the freight charges paid by Food Fair for shipments handled by the carrier during the period the loan was outstanding, and Cohen was charged with receiving the same. These cases follow the theories of the Elkins Act case of *U.S. v. Food Fair Stores, Inc.*, 417 F. 2d 62 (5th Cir.), reported in our 83rd Annual Report, at page 93, in which coincidentally defendant Cohen appeared as a witness.

*Free Services.*—The United States District Court for the Southern District of Indiana entered a permanent injunction enjoining defendant Eastern Express, Inc., from providing, without charge, more than one man for the unloading of shipments in the Pittsburgh, Pa., area. This was a free service which was contrary to the provisions of the carrier's tariff on file with the Commission.

*Motor Carrier Rate Cases.*—Arway, Inc., a contract carrier, charged and received compensation less than the actual charge specified in its effective Schedule of Actual Rates and Charges, for two shipper defendants, Acme-Hardesty Co., Inc., and Jacob Stern & Sons, Inc. The shipper defendants were separately charged with soliciting, accepting and receiving the concessions from Arway, Inc. Arway, Inc., was fined \$1,500 and Acme-Hardesty and Jacob Stern & Sons were fined \$1,000 each.

A fine of \$1,800 was imposed on Horvath Bros. Trucking, Inc. for granting concessions to a shipper in violation of section 222(c), a violation which carries a minimum penalty of \$200 per count.

In *United States v. Churn's Truck Line, Incorporated*, the defendant was fined \$1,000 as the result of charges of charging, demanding, collecting and receiving compensation less than the amount specified in its effective tariff.

In Chicago, *Midwest Emery Freight System* was fined \$1,000 upon its plea of *nolo contendere* to granting a rebate to a shipper.

## **Illegal Operations in Competition with Authorized Carriage**

*Agricultural Cooperatives.*—Problems arising out of purportedly exempt motor carriage continue to require intensive enforcement activity. Most significant in terms of the number of cases, their complexity, and the rapidly developing body of law on the subject are those involving agricultural cooperatives and the section 203(b)(5) exemption from motor carrier licensing requirements.

Intensified Commission investigative effort at Los Angeles resulted in increased injunctive action as well as court prosecutions and penalties. Among the injunctions were two cases involving unlawful transportation by purportedly exempt agricultural cooperatives.

Judgments were entered permanently enjoining United Agricultural Transportation Association of America Marketing Co-op and Tex-Cal Farmers and Ranchers Co-op, Inc. from engaging in the transportation of property in interstate commerce by motor vehicle unless and until they could qualify under the applicable provisions of the Agricultural Marketing Act and part II of the Interstate Commerce Act. Also enjoined from engaging or participating in such transportation were individuals Howard Mecom, Clarence Lunday, and William Brady.

In another case involving an agricultural cooperative, the Court of Appeals for the Tenth Circuit, at Denver, Colo., affirmed the judgment of the United States District Court for the Western District of Oklahoma in *Munitions Carriers Conference, et al. v. American Farm Lines and Howard McCormack*. Significantly, the Court of Appeals sustained the lower court's finding that the Commission's notice of institution of administrative proceedings against American Farm Lines, excluding all issues then before the lower court, did not deprive the lower court of jurisdiction to determine those excluded issues. The Court of Appeals concluded that the "incidental and necessary" test adopted by the Court in *Interstate Commerce Commission v. Milk Producers Marketing Co.*, 405 F. 2d 639, shows that the transportation activities of an agricultural

cooperative must be incidental to its primary statutory activity and necessary to the effective performance of that activity.

*Leasing Problems.*—In two cases involving arrangements whereby truck leasing firms supply equipment, and truck driver personnel agencies supply drivers to shippers who use their services, the Commission found that such arrangements did not constitute for-hire carriage in violation of the act (No. MC-C-5425, *Personnel Service, Inc., et al.—Investigation of Operations and Practices* and No. MC-C-5426, *K & K Transfer, Inc., et al.—Investigation of Operations and Practices*, 110 M.C.C. 695).

The case of *Keller Industries, Inc., et al. v. United States of America and I.C.C.*, was decided by a one-judge District Court for the Northern District of Florida, on March 30, 1970. This decision, now pending on appeal in the 5th Circuit Court of Appeal, upheld the decision of the Commission in *Keller Industries, Inc., Request for Declaratory Order Regarding Legality of Operations* (103 M.C.C. 520, aff'd 107 M.C.C. 75). The court confirmed the Commission's conclusion that individual business concerns were engaged in for-hire motor carriage, rather than private carriage, when they jointly arranged to lease trucks, hire drivers, pro rate the transportation expenses among themselves, and transport outbound the respective goods of one of them and inbound the goods of one of the others.

*Flagrant Violations.*—After publicizing his intention, a North Carolina owner-operator presented himself at I.C.C. headquarters after transporting an interstate shipment for which he held no operating authority. He presented documentation and demanded to be arrested to perfect a court challenge of the constitutionality of motor carrier licensing. The Commission chose, instead, to seek injunctive action. On April 9, 1970, at Winston-Salem, N. C., a district court issued a preliminary injunction against the defendant George T. Appleyard III, self-styled "Mr. Freedom," pending a trial on the question of whether a permanent injunction should issue. (See *Unauthorized Motor Carrier Operations*, on page 55.)

## Practices Affecting Carrier Capitalization

The Interstate Commerce Act requires a carrier to obtain cash for shipments carried, unless it extends credit within the terms of regulations promulgated by the Commission. Those terms are



quite restrictive. The reason is that the extension of credit for long periods of time has a negative impact on carrier capitalization, to the detriment of a stable transportation industry.

Other matters concerning carrier capitalization and various aspects of carrier finance appear earlier in this report in the discussion of conglomerate holding companies and unifications.

The Kansas and Missouri Railway and Terminal Company paid civil forfeitures of \$5,000 for violating the Commission's credit regulations. The government's claims arose from the failure of the railroad to timely collect average agreement demurrage charges on tank carload shipments of petroleum oil held on the carrier's tracks for a shipper at Kansas City, Kansas.

Allied Chemical Corporation was fined \$5,000 as a result of charges of knowingly soliciting and receiving unlawful concessions. The charges concerned failure to pay freight charges on interstate shipments destined to Baton Rouge, La., within the credit period authorized by the Commission. Allied Chemical delayed payment of such charges on the shipments in question for periods ranging from three weeks to four and a half months beyond the time prescribed by the Commission's regulations.

The United States District Court at Houston, Texas, fined Acme Fast Freight, Inc. \$1,000 for violations of the Commission's credit regulations for freight forwarders. This case involved the extension of credit to importers and exporters at Laredo, Tex.

On October 13, 1969, the United States District Court at Philadelphia granted the government's motion for summary judgment against Penn Central in a civil forfeiture case seeking \$15,000 in forfeitures from the carrier for violations of the provisions of the Commission's credit order in Ex Parte No. 73. The court granted a motion against Penn Central for a judgment of \$15,000. It held that the Commission, in exercising its power under section 3(2) of the act and issuing the credit order (Ex Parte No. 73), had established a standard of 120 hours as the maximum credit period. The court further held that any departure from this standard resulted in a discrimination whereby the shipper receiving excessive credit obtained the use of the carrier's capital without interest, an advantage which other shippers who pay their freight bills on time do not receive. *U.S. v. Pennsylvania Railroad Company*, 308 F. Supp. 293.

On March 11, 1970, Penn Central paid an additional \$10,000 for failing in numerous instances to collect freight charges on interstate shipments consigned to a shipper-consignee at Hightstown, N. J. within the maximum 120-hour credit period.

### **Commission Demands for Monetary Civil Forfeitures**

The use of the "Federal Claims Collection Act of 1966" (31 U.S.C. 951 et seq.) has continued to bring increasing monetary sanctions for violations of the Interstate Commerce Act. Prosecutions this year have resulted in court cases and Commission settlements of over \$2,000,000—more than the total penalties imposed in Commission enforcement cases in any prior year, including years where those cases included safety as well as economic violations.

As indicated in the 83rd Annual Report, claims settlements based on violations of Commission car service orders or car distribution orders have been a significant aspect of the Demand Forfeiture Procedure. This type of prosecution is an important factor in the program to alleviate freight car shortages by creating pressures to encourage proper placement of cars.

Settlements from 28 railroads for violations of service orders or car distribution directives amounted to over \$665,000. Most notable of those in terms of size were the Norfolk and Western Railway Company, \$87,500; the Burlington Northern, Inc., on behalf of one of its predecessors, the Chicago, Burlington, and Quincy Railroad Company, \$84,500; Union Pacific Railroad Company, \$58,450; the Missouri Pacific Railroad Company, \$50,600; the Chicago and North Western Railway Company, \$49,875; Southern Pacific Transportation Company, \$45,250; and Illinois Central Railroad Company, \$40,000. In many instances, following these settlements significant improvement in the utilization and distribution of freight cars by the railroads involved has taken place.

The most frequent use of Commission settlement procedures for civil forfeitures is in connection with motor carrier matters, especially those involving unauthorized carriage. Motor carrier related civil forfeiture settlements received during this fiscal year amounted to \$561,667 from 383 carriers and shippers, compared to \$350,230 for fiscal year 1969, which indicates an increase in the average settlement from last year's \$1,160 to about \$1,470. (See *Unauthorized Motor Carrier Operations*, page 55.)

## Enforcement Trends

*Maintaining Proper Records.*—This year there has been increased enforcement activity directed toward motor carriers which are not keeping required records and those maintaining false records. In one case, Biter Freight System, Inc., was fined for failing to make true and correct entries in its accounts and records in violation of section 222(g). The carrier had been maintaining a false c.o.d. register. In another, IML Freight, Inc. paid civil forfeiture claims for failing to make correct answers with respect to entries in its annual report, and for failing to keep its accounts in the form and manner prescribed by the Commission. IML's gross revenues exceeded 50 million dollars per year, but its accounting records had been inadequately maintained. Thus, in its 1967 annual report, which was the subject of this proceeding, the carrier showed a net income of approximately \$900,000, when in fact it had little or no net income for that year.

In another, a \$7,000 settlement for violations of the Commission's Uniform System of Accounts Regulations was obtained. Eazor Express, Inc. and Daniels Motor Freight, Inc., each paid \$3,500. Eazor Express, Inc., had failed to keep its accounts and the accounts of Daniels Motor Freight, Inc., which it controls, in the form and manner prescribed by the Commission.

In another case, *U.S. v. Ervin J. Kramer*, doing business as *Maryland Tank Transportation Co.*, the United States District Court at Baltimore imposed a \$3,000 forfeiture for failure to file an annual report and a quarterly report on time.

*Carrier Control.*—This year there has also been increased litigation in cases involving control of more than one carrier which requires Commission approval. In one of them, the district court at Kansas City imposed a fine upon Cartwright Van Lines, Inc., for accomplishing and effectuating the control and management of six other separate common carriers of household goods. In another, Division 1 accepted an offer of settlement and ordered termination of operations under common control (No. MC-C-6602, *Lloyd Motor Express, Lt.—Investigation of Certificate of Registration*). Lloyd, a single-State carrier, holding a Certificate of Registration, was found to be in violation of the Interstate Commerce Act in that it was controlled by or under the common control of a multi-State motor carrier.



In a very significant case, the Commission considered the application of Alleghany Corporation, a non-carrier holding company to acquire control and merge with Jones Motor Co., Inc., a regulated motor carrier, and its wholly owned subsidiary, Erie Trucking Company. The Commission held that the application should be granted, subject to conditions. The Commission required that Alleghany, having previously been found to be a person "affiliated with a rail carrier" should place all of its holdings in Penn Central Company, Penn Central Transportation Company, its subsidiaries and affiliates in the hands of independent voting trustees. The Commission further required that all interlocking directorships between Alleghany and Penn Central be terminated, and that all other stock interests in regulated carriers held by Alleghany be continued in trust as at present. Of particular significance in this decision was the Commission's conclusion that the purchase of control and then placing the controlling block of stock in the hands of a trustee does not thereby prevent a "control" violation of section 5(4) from occurring.

*Increased Bureau Participation to Develop Record in Major Cases.*—This year the Commission's Bureau of Enforcement has been used increasingly to develop the record in major Commission proceedings, particularly where it seems likely that the public otherwise might be unrepresented. Among such cases were Ex Parte No. MC-19 (Sub-Nos. 8 and 9) where, as described earlier, the imposition of new rules for household goods carrier practices are involved. Another is Ex Parte No. MC-80 which will consider requiring (1) the maintenance of service request records by motor common carriers containing specified information; and (2) in instances where requests for service have not been fulfilled, the recording of the reasons for such failure. Similarly, the Bureau is participating in a broad proceeding (Ex Parte 263) involving all modes of carriage to determine what regulations should be imposed with respect to carrier handling of loss and damage claims.

In docket No. 35188 the Bureau participated in a complaint case of the Harlan County Coal Operators' Association against the Louisville and Nashville Railroad Company on the crucial economic issues pertaining to the just and reasonable distribution, among Harlan County mines, of coal cars.

Rail administrative proceedings before the Commission, which have had Bureau of Enforcement participation included *Soybeans*,

*Midwest to Chicago & Gulf Ports, Export*, 335 I.C.C. 883; and *Vegetables & Melons Transcontinental Eastbound*, 335 I.C.C. 798, 313 F. Supp. 119, which involves proposed fruit and vegetable rate increases to destinations in Official Territory. The latter proceeding attracted not only food chain store participation, but wide consumer interest because of concern with the possible effect of the proceeding's outcome on market prices of fruits and vegetables.

## ADMINISTRATION

### Caseload and Expediting of Cases

Workload as reflected by case openings increased sharply during the year. There were 8,334 cases filed, which is 10 percent higher than last year's figures and the highest total since fiscal year 1966. Although we were able to close 154 more cases this year than last year, the impact of 826 more cases filed resulted in an increase in the size of the pending docket. Large scale expenditures of professional manpower on complex merger cases, general rate increase cases, and passenger train-off cases continued to deplete our available resources.

### Management

*Automatic Data Processing.*—During the first full year of operation with third generation software, operational efficiency of the computer averaged 96 percent, an all-time high for our system.

Automation of the Commission's addressing system, which became operational in February 1970, greatly increased the accuracy and currency of our mailing lists, reducing the problem of redirected mail due to incorrect addresses. Automating has also improved our ability to respond to special mailing requirements, such as selective addressing.

Our program for the direct reporting of rail and motor freight commodity statistics on magnetic tape or punch cards has become fully operational and is now being utilized by 26 carriers. In view of the excellent results, we are expanding the program to cover other reports.

*Cost Reduction.*—We effected cost reduction savings during the current year amounting to \$506,300. A portion of this (\$10,300) is attributable to procedural revisions and automating manual operations. An additional \$40,000 was saved through our paper-work reduction program. The bulk of our savings resulted from budgetary restrictions. In this and the preceding fiscal year these totaled \$1,596,000, achieved primarily through delay in filling



numerous vacancies. Staff reductions, together with expanding workloads in many critical areas and increasingly complex issues before the Commission, have presented some difficulties in performing our statutory responsibilities.

*Field Activities.*—We currently maintain 82 field offices located in 48 States and the District of Columbia.

We continued to actively participate in Federal Executive Board and defense mobilization activities. Additional emphasis was placed on improved service to the public, including assistance to consumers. We placed our field offices on a semi-emergency basis during April 1970, to provide assistance to shippers, carriers, and the general public during work stoppages in the trucking industry. Based upon on-scene analyses and daily reports from field offices, we analyzed the impact of the work stoppages and provided such information to other interested agencies. Efforts to make the most effective use of field resources included the cross-use of technical staffs, use of team efforts in the more complex field investigations or where “pockets” of illegal activity appeared to be concentrated, and increased participation in Federal-State cooperative agreements and joint operations.

The table on page 94 is indicative of some of the principal work items handled by our field staff. See also appendix C.

The table on page 95 shows progress over the past three years in recruiting executive reservists in the Commission's national defense unit.

*Manpower Development.*—Continued training to improve manpower proficiency consisted of 1,990 man-hours of training at the Commission and 2,840 man-hours of training through the use of interagency and non-Government facilities. Training at the Commission included a course for new attorney appointees, two courses for line supervisors, and a supervisory and management course for supervisory attorneys.

Certain of our key employees with leadership potential participated in management and executive training, which included the Middle Management Institute offered by the Civil Service Commission, Management and Organizations at the Executive Institute, Kings Point, New York, and the Federal Executive Institute at Charlottesville, Virginia.

For the benefit of clerical employees, shorthand and English reviews were offered periodically throughout the year.

## Bureau of operations—field program

Railroads, motor carriers, water carriers and freight forwarders, and rate bureaus	Fiscal Years	
	1969	1970
Motor-Water-Forwarder		
Enforcement:		
Complaints of violations received	3,202	2,872
Complaints investigated and action taken	3,138	2,837
Investigations with court action expected	877	918
Other complaints received and handled (service, household goods, etc.)	15,095	23,646
Motor carrier general compliance surveys	1,961	1,558
Other enforcement matters	14,707	18,763
Operating authority:		
Permanent authority applications	4,767	5,058
Temporary operating authority	6,682	8,460
Certificates of registration	60	55
Transfer proceedings Sec. 212 (b)	913	865
Transfer Sec. 5	—	335
Temporary authority with acquisition	250	206
Rate bureau agreements	17	11
Revocations and dismissals	272	243
Other operating authority matters	21,932	33,117
Rates and tariffs:		
Assistant in tariff and rate publication	1,189	1,978
Tariff and rate interpretations	3,113	5,846
Insurance:		
Insurance compliance delinquencies	3,658	4,212
Other insurance matters (lapses, filings, requirements, etc.)	4,312	5,802
Accounts:		
Accounting report delinquencies	1,739	1,920
Other accounting matters	1,823	2,453
Railroads		
Car Service:		
Agencies and yards checked for general compliance	6,092	5,433
Seasonal commodity surveys and expediting checks	714	1,127
Enforcement:		
Special investigations on complaints and service	5,008	4,950
Enforcement investigations and compliance surveys	622	427
Cooperative Agreements with States:		
Exchange of Information	—	8,844
Evidence furnished	—	546
Witness in State Proceedings	—	39
Joint Investigations or Conference	—	1,002

*Organizational Changes.*—Implementing a year-long study designed to strengthen our decisional processes, we realigned the organization of our Office of Proceedings. The restructuring, a further refinement of the 1965 plan for establishing a consolidated office, will effect a greater measure of professional expertise in varied transportation regulatory proceedings of the Commission. Among the changes was the realignment of the Section of Opinions to provide in its place three specialty sections: Section of Operating Rights, Section of Rates, and Section of Finance, each of which comports with one of the three Divisions at the

ICC unit of the National Defense Executive Reserve—status of membership and recruitment at close of fiscal year.

NDER Group	Fiscal Year 1968			Fiscal Year 1969			Fiscal Year 1970		
	On Rolls	Additional nominees	Total	On Rolls	Additional nominees	Total	On Rolls	Additional nominees	Total
Rail	611	208	819	619	252	871	628	255	883
Motor	191	7	198	185	27	212	181	27	208
Water	42	20	62	49	14	63	54	9	63
Other	18	1	19	18	0	18	17	0	17



Commission level. Review branches were established in each of the sections to provide maximum direction, oversight, guidance, and training to the professional attorney staff. Under the realignment, attorneys assigned to the various sections will be afforded a greater opportunity for cross-utilization in other operating specialties, thus providing for flexibility of assignments, as well as individual career development. The Policy Review Committee was abolished and its functions and personnel assigned to other activities within the organization. An additional employee board, the Tariff Rules Board, was created in our Bureau of Traffic to facilitate the prescription of regulations that relate to the form and manner in which tariffs are published, filed, and posted. The current organizational structure of the Commission is shown in the organization chart included as part of appendix A.

*Paperwork Reduction.*—During the year, improvements in forms design saved more than 4,400 man-hours. The more significant improvements included design of a data processing control form which will save 1,200 man-hours and \$3,600 annually, replacement of a narrative type freight car inspection report with a check-off type, resulting in a savings of \$24,000 and 3,000 man-hours annually, and the elimination of 170 pages of forms at a savings of \$2,175. Seven publication changes are in process which will save \$2,000 annually in printing and mailing costs. Automation of partially repetitive typing operations in the Section of Insurance will save an estimated \$10,000 per year and expedite correspondence with the public on household goods carriers, loss and damage claims, and insurance. Total savings achieved through our paperwork reduction program exceeded \$40,000.

*Program Evaluation.*—Although the Office of Management and Budget has excluded the Commission from formally implementing a planning-programming-budgeting system, the Commission employs many of the PPB techniques and principles. These center around the Commission's program evaluation system, which was established in 1964 for the evaluation of our field programs, and expanded at the beginning of fiscal year 1968 to cover the headquarters programs of the Commission's regulatory bureaus and the Office of the Secretary. The system monitors the performance of major programs against approved Commission goals and pinpoints problem areas, such as duplication of effort, poor productivity, in-

efficient operations, and backlogs. It enables us to make more efficient use of our resources.

In the proceedings area, the Commission has for many years operated an automated control system which reflects the status of proceedings cases and specifically identifies the steps in which cases can be expedited.

The program evaluation system is being modified to meet the requirements of the Government-wide management improvement program recently established by the Office of Management and Budget. Each agency has been asked to implement a system to improve the establishment of objectives, measuring of progress, and evaluating of results, and to take corrective actions when necessary. Although these techniques are already incorporated in our program evaluation system, further refinements will result in greater benefit to the Commission in that more meaningful information will be developed upon which to base decisions concerning the allocation and use of Commission resources.

## **LEGISLATIVE ACTIVITIES**

Supplemental to this chapter is appendix D, which indicates the progress of legislation recommended by this Commission.

Since the last annual report the Commission has appeared before the 91st Congress in its consideration of transportation legislation and other legislation relative to interstate commerce as follows:

### **Commission Budget**

The President's budget included \$25,600,000 for the fiscal year 1971, which provided for a total of 1,725 positions, 182 less than funded during fiscal year 1970.

The House, on May 27, 1970, approved H.R. 17755 which provides appropriations for the Department of Transportation and Related Agencies for the fiscal year ending June 30, 1971. The Act, as passed by the House, includes \$27,000,000 which provides for 1,865 positions, 42 less than funded during fiscal year 1970.

On August 5, 1970, the Commission appeared at hearing before the Senate Subcommittee on Transportation Appropriations, with respect to its 1971 budget request.

### **Judicial Review**

On October 7, 1969, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 2242. This proposal implements one of the Commission's legislative recommendations. S. 2242 would amend section 17 of the Interstate Commerce Act by providing for judicial review of the Commission's orders by the United States Courts of Appeals rather than special three-judge Federal District Courts. Thus, Commission orders would be reviewable in the same general manner as decisions of other Fed-



eral regulatory agencies. Cases involving money would still be reviewable by a single-judge District Court, as would cases involving only fines, penalties, or civil forfeitures.

The primary reason for seeking this change is that the Courts of Appeals regularly engage in review of Federal regulatory agencies and have promulgated uniform rules governing these proceedings. No such rules now govern appeals before the three-man District Courts. The Commission believes that procedures determined on such an ad hoc basis are not conducive to the systematic dispatch of the public's transportation business. One highlight of the bill concerns the method of filing for review with the appropriate court within 60 days after service of the Commission's order. There presently exists no such time limitation. Another is that the Commission rather than the United States is the statutory defendant. The bill will largely eliminate the problem of multiple proceedings in one case being instituted in various district courts. The Commission urged enactment of S. 2242.

On May 22, 1970, the Commission testified before the Senate Subcommittee on Improvements in Judicial Machinery on S. 3597. This proposal would amend Title 28 of the United States Code with respect to judicial review of the Commission's decision. It differs from S. 2242 in two aspects, both of which are objectionable to the Commission. The first is that any suit filed for review of a Commission decision must name the United States as the statutory defendant, with the Commission authorized to intervene in support of its order. The Commission objects to this provision because occasionally it and the Department of Justice differ as to whether or not a particular Commission order should be defended. The Commission prefers this decision to be within its sole discretion.

The second difference is that S. 3597 provides for review in the judicial circuit in which the residence or principal office of any party filing for review is located, or alternately, in the United States Court of Appeals for the District of Columbia. There are affirmative reasons in not permitting a concentration of review proceedings in the District of Columbia, such as, convenience to parties and their counsel and the fact that the judges of the court of appeals for the circuit in which a case arises will bring to the proceeding a useful knowledge and background of the relevant geographic and commercial conditions.

## Revocation of Motor Carrier Authority

On October 7, 1969, in conjunction with its testimony on S. 2242, *Judicial Review*, the Commission also testified on S. 2244. This proposal would amend section 212(b) of the act to give the Commission additional power over motor carrier operating authorities in two instances where it is presently lacking. The Commission urged enactment in order to permit it to suspend, change, or revoke a motor carrier's authority for failure to comply with any provision of the Explosives Act. At present, neither the Commission nor the Department of Transportation has authority to do so, and the Commission believes that such authority is necessary to maintain compliance with the Explosives Act. Secondly, for public protection, the Commission needs authority to suspend on short notice operating rights of motor carriers for failure to meet insurance requirements as set forth by the Commission.

## Freight Forwarders

On January 27 and February 5, 1970 the Commission testified before the House Subcommittee on Transportation and Aeronautics on H.R. 10293. This proposal would amend the Interstate Commerce Act so as to permit the railroads to publish and maintain rates and charges for services rendered other common carriers which would be different and presumably lower than those generally maintained.

In its testimony, the Commission set forth the unique hybrid status of freight forwarders in their relationships with carriers and shippers; that is, as to other carriers the freight forwarder is regarded as a shipper, and, as to shippers, the freight forwarder is regarded as a carrier. It was set forth that the proposal, along with some technical defects, also posed problems with joint rate arrangements which freight forwarders are precluded from entering into with other common carriers, except for certain contracts as provided for in section 409(a) of the Interstate Commerce Act. Also, there were attendant problems dealing with discrimination and whether or not the proposed lower transportation charges would inure to the shipping public.

The Commission opposed enactment of this proposal at the present time, but offered to institute a rulemaking proceeding to

investigate the status of freight forwarders and their relationship to other carriers operating under the act. Such a proceeding, *Ex Parte No. 266, Status of Freight Forwarders*, was instituted June 23, 1970 upon request of the Subcommittee.

## Through Routes and Joint Rates

On May 6, 1970, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 2245 and S. 3626. The former implements one of the Commission's legislative recommendations. It would (1) impose a mutual duty upon common carriers of property subject to part I of the act, and between them and common carriers subject to parts II and III of the Interstate Commerce Act to establish through routes and just and reasonable rates, classifications, charges, etc. applicable thereto; (2) authorize, with certain limitations, the Commission to order the establishment of through routes and/or joint rates, and (3) authorize the Commission to establish through routes on an intramodal and intermodal basis where there is an urgent and immediate need which cannot be met by existing carrier arrangements.

In its testimony, the Commission pointed out certain dissimilarities in the two proposals and strongly advocated enactment of S. 2245 as the proper tool for remedying transportation problems stemming from the Commission's lack of statutory authority in this particular area of transportation. The Commission testified that S. 3626 fell short of meeting these same problems. The need for a coordinated transportation system by common carriers of all modes subject to the Commission's jurisdiction was reiterated, and the Commission after an extended and exhaustive analysis of all the operational, economic and public interest factors, concluded that S. 2245 could best meet that need.

## Cargo Theft

On June 25, 1970, the Commission appeared before the Senate Select Committee on Small Business to testify on cargo theft in surface transportation.

Although conceding that its jurisdiction does not embrace this matter, the Commission stated that it is well aware of the impact that cargo theft has on the transportation industry. The Commission testified that it does cooperate with agencies having authority



in this particular area and that it is presently participating in an effort proposed by the Department of Transportation in conjunction with the Department of Justice to establish a new program to combat crime in transportation. In order to establish an effective crime deterrent the Commission believes in concerted action by the carriers, local authorities and the Federal Government. The establishment of the multi-faceted Commission on Security and Safety of Cargo would be one step. The Commission expressed some doubt whether there is a demonstrated need for such an agency, particularly in view of the project that the Departments of Transportation and Justice have undertaken. However, the Commission stated that the establishment of such an agency is primarily a question of Congressional policy, and that if it is established the Commission will fully cooperate with it.

### **Oversight Hearings**

On June 23, 1970, the Commission testified before the Senate Subcommittee on Surface Transportation on basic policy matters. The Commission was recalled by the Subcommittee for the purposes of elucidating its policy in permitting mergers and in handling general freight increases. For a discussion of the prior hearings, see page 107 of the Commission's 83rd Annual Report.

### **Freight Car Shortages**

On March 24, 1970, the Commission appeared before the Senate Special Subcommittee on Freight Car Shortage to report on developments in this critical problem area during the period since hearings on the same subject before the Senate Committee on Commerce, May 13, 1969. For a full discussion of the prior hearings, see page 108 of the Commission's 83rd Annual Report.

The following developments were discussed in detail: Interim report in Ex Parte No. 252 (Sub-No. 1), in which a tentative form and amount of incentive charge was formulated; final report in Ex Parte No. 241, in which an inadequate supply of freight cars was found and mandatory rules were adopted to alleviate the shortage; affirmance by the Supreme Court on January 12, 1970, of the report and order in No. 31358, *Chicago, B. & Q. R. Co. v. New York, S. & W. R. Co.* (332 I.C.C. 176 [1968]) in which a new basic per diem formula was prescribed; institution of No. 35237

to clarify, if necessary, tariff provisions which require consignees to completely unload freight cars, including removal of dunnage, debris, or other foreign matter connected with inbound shipments; and, vigorous enforcement of car service orders for violations thereof by carriers. For example, during the year 1969 total fines or penalties were collected from certain railroads in the amount of \$315,700 compared to \$112,500 collected thus far in 1970.

In its testimony, the Commission also presented views on two bills under consideration. It opposed S. 3223 to the extent that the bill would sharply diminish the Commission's power to control car service matters and revise the new basic per diem formula prescribed in No. 31358. Furthermore, it pointed out that the bill would deny the Commission any discretion in regard to the reasonableness of car service rules, regulations, and practices and that the method of computing per diem rates would be transferred permanently from the railroads to the Commission. However, the Commission supported two sections of this bill, which embraced its recommendations to authorize emergency per diem charges and increase penalties for violations of car service orders.

The Commission also opposed S. 3334, which would require the establishment of per diem rates of "not less than \$100 per day on any freight car suitable for use in the transportation of agricultural commodities." With the exception of a few specialized types of cars, most of the Nation's car fleet, at least during periods of car shortage, is suitable for the transportation of agricultural commodities, and therefore, S. 3334 would apparently set minimum car rental charges for use of most of the Nation's cars at \$100 per day. The Commission was concerned that such a drastic increase in car rental cost would either bankrupt a major segment of the rail transportation industry or result in a corresponding increase in rail rates. The increase in rates sufficient to provide for increase in per diem cost of from \$85 to \$95 per day would most likely result in a total diversion of rail traffic as shippers sought alternate means of transportation at substantially less cost.

## **Study of Freight Rates**

On March 17, 1970, the Commission appeared before the Senate Subcommittee on Surface Transportation to testify on S. 2355,

which would establish an Advisory Commission to make a study and report on freight rates.

The Commission indicated that it was ready and willing at all times to render an accounting of its administration of the Interstate Commerce Act, and therefore expressed no objection to the bill if the Congress believed establishment of the Advisory Commission to be in the public interest.

However, the Commission pointed out that a study as broad and comprehensive as this proposal could be very cumbersome. Therefore, the Commission suggested an alternative approach; namely, that a special Subcommittee of the Commerce Committee make such a study, with the assistance of the Commission and other regulatory agencies.

## Rail Passenger Service

On November 17, 1969, the Commission appeared before the House Subcommittee on Transportation and Aeronautics on H.R. 14170, H.R. 14572, and numerous other measures. For a discussion of hearings before the Senate Subcommittee on Surface Transportation on similar legislation, see page 110 of the Commission's 83rd Annual Report.

The Commission supported immediate enactment of H.R. 14170, which embraced one of its legislative recommendations. It would amend section 13a of the act and calls for a broad study of rail passenger service to determine the public need for it and the means to meet this need. The bill is identical to H.R. 18212, introduced in the 90th Congress, and for a discussion of it, see page 109 of the Commission's 82nd Annual Report.

The Commission also supported enactment of H.R. 14572, which embraced one of the Commission's legislative recommendations. This bill would add to the Interstate Commerce Act a new section 13b entitled "Adequacy of Certain Passenger Operations." The Commission announced that it would seek legislation to provide jurisdiction in this area when it found in *Adequacies-Passenger Service—Southern Pac. Co.* (335 I.C.C. 415) that the act presently did not provide it.

The Commission favored the approach of H.R. 14572 because the duty on the carriers, guidelines as to standards, and jurisdiction were all in one specifically identified section of the act, but



noted that the effect of H.R. 13832 in providing regulatory jurisdiction in this area would, in most respects, be comparable.

Following passage of S. 3706, the "Rail Passenger Service Act of 1970," by the Senate on May 6, 1970, the Commission appeared before the House Subcommittee on Transportation and Aeronautics on June 2, 1970, to testify on it. The Commission recommended adoption of S. 3706 which would establish a unified, national system of rail passenger service to be provided by a quasi-public corporation. Such service would be provided over a network to be designated by the Secretary of Transportation.

The Commission favored the approach of S. 3706 over that of H.R. 17428. The Commission believed that a single corporation would be better equipped to administer a national rail passenger policy rather than a multiplicity of corporations, as H.R. 17428 contemplated, with each restricted to so-called urban corridors. Furthermore, it believed a multiplicity of corporations would be at odds with the objective of a central agency equipped with the management talent, authority, initiative, and resources to meet the problem on a nationwide scale. H.R. 17849, an amended version of S. 3706, was passed by Congress and signed by President Richard M. Nixon on October 30, 1970. It became Public Law 91-518.

## Postal Reform

On October 27 and August 11, 1969, the Commission testified before the Senate Committee on Post Office and Civil Service and the House Committee on Post Office and Civil Service, respectively, on H.R. 4 and H.R. 11750. The Commission confined its comments to those provisions of each bill which concern the transportation of mail by carriers subject to the jurisdiction of the Interstate Commerce Commission. The Commission supported the basic purposes of these proposals because either would serve to permit the full use of all elements of the nation's transportation system. The Commission, however, did make some suggestions for changing some of the specific provisions of these bills. Further discussion of these proposals is unnecessary because the proposal which was finally enacted (See P.L. 91-375) was much different from either of these proposals.

## Loan Guarantees

On June 25, 1970, the Commission testified before the House Committee on Interstate and Foreign Commerce on H.R. 18125, which would authorize the Secretary of Transportation to guarantee loans to rail carriers.

The Commission generally recounted its experience in administering similar legislation pursuant to part V of the Interstate Commerce Act. Although the Commission supported enactment of the proposal with modifications, it stated that the assistance afforded by the proposal would not provide a permanent solution to the ills of the railroad industry in general and does not eliminate the need for other relief; such as, State and local tax relief, more rapid depreciation of railroad property and equipment and providing for the establishment of construction reserves.

The recommended changes are: (1) that in the event of bankruptcy the Government would have the same priority claim as it would have if it had made a direct loan to the railroad; (2) that section 4(b) of the proposal be broadened to include the assumption by the Secretary of Transportation of the rights and obligations of the Interstate Commerce Commission arising out of the guarantees by it of loans to rail carriers under part V of the act; (3) that section 4(a)(3) be changed because in its present form it may preclude loans to carriers in reorganization; (4) that a provision be included which would set forth the guidelines for modifying any of the loan provisions, and (5) that section 5 of the bill be modified to preclude cash dividends rather than stock dividends.

On July 8, 1970, the Commission appeared before the Senate Committee on Commerce on similar matters.

## APPENDIX A—COMMISSION ORGANIZATION

There are five principal offices and five bureaus of the Commission, the heads of which report to the Chairman via the channels indicated on the organizational chart.

### Staff Officials

#### Office of the Chairman:

Public Information Officer ..... Warner L. Baylor

#### Office of the Managing Director:

Managing Director ..... Nyle M. Jackson

Assistant Managing Director ..... Martin E. Foley

Special Assistant for Field Operations ..... James L. Barbour

Director of Personnel ..... Curtis F. Adams

#### Office of the Secretary/Congressional Relations:

Secretary ..... Robert L. Oswald

Assistant Secretary (Acting) ..... Joseph M. Harrington

#### Office of the General Counsel:

General Counsel ..... Fritz R. Kahn

Deputy General Counsel ..... Arthur J. Cerra

Legislative Counsel .....

#### Office of Proceedings:

Director ..... Sheldon Silverman

Associate Director ..... Thaddeus W. Forbes

Deputy Director, Section of Finance ..... Richard Block, Jr.

Deputy Director, Section of Operating  
Rights ..... Henry U. Snavelly

Deputy Director, Section of Rates ..... Joseph T. Fittipaldi

#### Office of Hearings:

Chief Hearing Examiner ..... Robert C. Bamford

Assistant Chief Hearing Examiner ..... Richard S. Ries

Assistant Chief Hearing Examiner ..... Alvin H. Schutrumpf

#### Bureau of Accounts:

Director ..... Matthew Paolo

Assistant Director ..... Howard L. Domingus

#### Bureau of Economics:

Director ..... Edward Margolin

Assistant Director ..... Robert G. Rhodes



**Bureau of Enforcement:**

Director .....	Bernard A. Gould
Assistant Director .....	John H. O'Brien
Assistant Director .....	Daniel M. O'Donoghue

**Bureau of Operations:**

Director .....	Robert D. Pfahler
Assistant Director .....	Lewis R. Teeple

**Bureau of Traffic:**

Director .....	Edward H. Cox
Assistant Director .....	

**Directory of Interstate Commerce Commission Field Offices**

<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
1	Regional headquarters.....	Robert L. Abare, Regional Manager, Room 2211-B, John F. Kennedy Bldg., Government Center, Boston, Mass. 02203.
	Connecticut .....	324 U.S. Post Office, 135 High St., Hartford, Conn. 06101.
	Maine.....	305 U.S. Post Office and Courthouse, 76 Pearl St., Portland, Maine 04112. Mail address: Post Office Box 167, P.S.S.
	Massachusetts.....	John F. Kennedy Bldg., Room 2211- B, Government Center, Boston, Mass. 02203. 338-342 Federal Bldg., 436 Dwight St., Springfield, Mass. 01103.
	New Hampshire.....	424 Federal Bldg., 55 Pleasant St., Concord, N. H. 03301.
	New Jersey .....	902 Federal Bldg., 970 Broad St., Newark, N.J. 07102. 410 U.S. Post Office, 402 East State St., Trenton, N.J. 08608.
	New York.....	518 New Federal Bldg., Maiden Lane and Broadway, Albany, N.Y. 12207. 518 Federal Bldg., 121 Ellicot St., Buffalo, N.Y. 14203. 26 Federal Plaza, Room 1807, New York, N.Y. 10007.

*Directory of Interstate Commerce Commission Field Offices—Continued*

<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
		O'Donnell Bldg., Room 104, 301 Erie Blvd., West, Syracuse, N.Y. 13202.
	Rhode Island.....	187 Westminster St., Room 402, Providence, R.I. 02903.
	Vermont.....	52 State St., Room 5, Montpelier, Vt. 05602.
2	Regional headquarters.....	Fred E. Cochran, Regional Manager, 1518 Walnut St., Room 1600, Philadelphia, Pa. 19102.
	Delaware.....	See nearest ICC Field Office in New Jersey, Maryland, or Pennsylvania.
	District of Columbia.....	12th and Constitution Ave., N.W., Washington, D.C. 20423.
	Maryland.....	1125 Federal Bldg., Charles Center, 31 Hopkins Plaza, Baltimore, Md. 21201.
		206 Old Post Office, 129 East Main St., Salisbury, Md. 21801.
	Ohio.....	5514-B Federal Bldg., 550 Main St., Cincinnati, Ohio 45202.
		181 Federal Bldg., 1240 East 9th St., Cleveland, Ohio 44199.
		255 Federal Bldg. and U.S. Court-house, 85 Marconi Blvd., Columbus, Ohio 43215.
		5234 Federal Bldg., 234 Summit St., Toledo, Ohio 43604.
2	Pennsylvania.....	508 Federal Bldg., 228 Walnut St., Harrisburg, Pa. 17108. Mail address: Post Office Box 869.
		1518 Walnut St., Room 1600, Philadelphia, Pa. 19102.
		2111 Federal Bldg., 1000 Liberty Ave., Pittsburgh, Pa. 15222.
		309 U.S. Post Office, North Washington Ave. and Linden St., Scranton, Pa. 18503.
	Virginia.....	10-502 Federal Bldg., 400 North 8th St., Richmond, Va. 23240.
		5104 F. B. Thomas Bldg., 215 Campbell Ave. S.W., Roanoke, Va. 24011.

*Directory of Interstate Commerce Commission Field Offices—Continued*

<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
	West Virginia.....	3108 Federal Bldg., 500 Quarrier St., Charleston, W. Va. 25301. 531 Hawley Bldg., 1025 Main St., Wheeling, W. Va. 26003.
3	Regional headquarters .....	James B. Weber, Regional Manager, 1252 West Peachtree St., N.W., Room 300, Atlanta, Ga. 30309.
	Alabama .....	2121 Bldg., Room 814, 2121 8th Ave. North, Birmingham, Ala. 35203.
	Florida.....	288 Federal Bldg., 400 West Bay St., Jacksonville, Fla. 32202. Mail ad- dress: Post Office Box 35008. 105 Cox Bldg., 5720 S.W. 17th St., Miami, Fla. 33155.
	Georgia.....	1252 West Peachtree St., N.W., Room 300, Atlanta, Ga. 30309.
	Kentucky.....	Bakhaus Bldg., Room 222, 1500 West Main St., Lexington, Ky. 40505. 426 U.S. Post Office, 601 West Broad- way, Louisville, Ky. 40202.
	Mississippi.....	145 East Amite Bldg., Room 212, Jackson, Miss. 39201.
	North Carolina.....	BSR Bldg., Suite 417, 316 East More- head St., Charlotte, N.C. 28202. Federal Bldg., Room 624, 310 New Bern Ave., Raleigh, N.C. 27611. Mail address: Post Office Box 26896.
	South Carolina.....	300 Columbia Bldg., 1200 Main St., Columbia, S.C. 29201.
	Tennessee.....	390 Federal Bldg., 167 North Main St., Memphis, Tenn. 38103. 1808 West End Bldg., Suite 803, Nashville, Tenn. 37203.
4	Regional headquarters.....	Charles W. Haas, Regional Manager, Everett McKinley Dirksen Bldg., Room 1086, 219 South Dearborn St., Chicago, Ill. 60604.
	Illinois.....	Everett McKinley Dirksen Bldg., Room 1086, 219 South Dearborn St., Chicago, Ill. 60604.



*Directory of Interstate Commerce Commission Field Offices—Continued*

<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
		476 Land of Lincoln Bldg., 325 West Adams St., Springfield, Ill. 62704.
Indiana.....		Century Bldg., 8th Floor, 36 South Pennsylvania St., Indianapolis, Ind. 46204.
		345 West Wayne St., Room 204, Fort Wayne, Ind. 46802.
Michigan.....		David Broderick Tower Bldg., Room 1110, 10 Witherill St., Detroit, Mich. 48226.
		225 Federal Bldg., 325 West Allegan St., Lansing, Mich. 48933.
Minnesota.....		448 Federal Bldg., and U.S. Court-house, 110 South 4th St., Minneapolis, Minn. 55401.
North Dakota.....		Federal Bldg., and U.S. Post Office, 657 Second Ave. North, Fargo, N. Dak. 58102. Mail address: Post Office Box 2340.
South Dakota.....		Federal Bldg., Room 369, Pierre, S. Dak. 57501.
Wisconsin.....		444 West Main St., Room 11, Madison, Wis. 53703.
		135 West Wells St., Room 807, Milwaukee, Wis. 53203.
5 Regional Headquarters.....		Harold M. Gregory, Regional Manager, 9A27 Fritz Garland Lanham Federal Bldg., 819 Taylor St., Fort Worth, Tex. 76102.
Arkansas.....		2519 Federal Bldg., Little Rock, Ark. 72201.
Iowa.....		332 Federal Bldg., 4th and Perry Sts., Davenport, Iowa 52801.
		677 Federal Bldg., 210 Walnut St., Des Moines, Iowa 50309.
		304 U.S. Post Office, Sioux City, Iowa 51101.
Kansas.....		234 Federal Bldg., Topeka, Kans. 66603.
		501 Petroleum Bldg., 221 South Broadway, Wichita, Kans. 67202.

*Directory of Interstate Commerce Commission Field Offices—Continued*

<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
	Louisiana.....	T-4009 Federal Bldg., and U.S. Post Office, 701 Loyola Ave., New Orleans, La. 70113.
	Missouri.....	1100 Federal Bldg., 911 Walnut St., Kansas City, Mo. 64106. 3248 Federal Bldg., 1520 Market St., St. Louis, Mo. 63103.
	Nebraska.....	315 U.S. Post Office and U.S. Courthouse, 129 North 10th St., Lincoln, Nebr. 68508. 705 Federal Bldg., 106 South 15th St., Omaha, Nebr. 68102.
5	Oklahoma.....	240 Old U.S. Post Office and Courthouse, 215 Northwest 3d St., Oklahoma City, Okla. 73102.
	Texas.....	Miller Bldg., 918 Tyler St., Amarillo, Tex. 79101. 513 Thomas Bldg., 1314 Wood St., Dallas, Tex. 75202. 9A27 Fritz Garland Lanham Federal Bldg., 819 Taylor St., Fort Worth, Tex. 76102. 8610 Federal Bldg. and U.S. Courthouse, 515 Rusk Ave., Houston, Tex. 77002. Mail address: P.O. Box 61212. 301 Broadway Bldg., Room 206, San Antonio, Tex. 78205.
6	Regional headquarters	Ernest D. Murphy, Regional Manager, 13001 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102. Mail address: Post Office Box 36004.
	Alaska.....	51-52 Federal Bldg., Anchorage, Alaska 99501. Mail address: Post Office Box 1532.
	Arizona.....	3427 Federal Bldg., 230 North 1st Ave., Phoenix, Ariz. 85025.
	California.....	7708 Federal Bldg. 300 North Los Angeles St., Los Angeles, Calif. 90012.

*Directory of Interstate Commerce Commission Field Offices—Continued*

<i>Region</i>	<i>Territory</i>	<i>Regional headquarters and field office addresses</i>
		13001 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102. Mail address: Post Office Box 36004.
Colorado.....		2022 Federal Bldg., 1961 Stout St., Denver, Colo. 80202.
Idaho.....		455 Federal Bldg. and U.S. Court- house, 550 West Fort St., Boise, Idaho 83702.
Montana.....		251 U.S. Post Office, Billings, Mont. 59101.
Nevada.....		203 Federal Bldg., 705 North Plaza St., Carson City, Nev. 89701.
New Mexico.....		10515 U.S. Courthouse and Post Office, 500 Gold Ave., S.W., Albu- querque, N. Mex. 87101.
Oregon.....		450 Multnomah Bldg., 120 S.W. 4th St., Portland, Oreg. 97204.
Utah.....		5239 Federal Bldg., 125 South State St., Salt Lake City, Utah 84111.
Washington.....		6130 Arcade Bldg., 1319 2d Ave., Seattle, Wash. 98101.
		401 Post Office, West 914 Riverside Ave., Spokane, Wash. 99201.
Wyoming.....		304 Lierd Bldg., 259 South Center St., Casper, Wyo. 82601.



## APPENDIX B—COMMISSION WORKLOAD

TABLE 1.—Distribution by method of disposition of proceedings cases closed during fiscal year 1970 compared to fiscal years 1968 and 1969 and average time in months from date of filing to closing

		Dismissed or Discontinued				Decided by Effective Recommended Report and Order			
		FY 1968 (Cases) (Months)	FY 1969 (Cases) (Months)	FY 1970 (Cases) (Months)		FY 1968 (Cases) (Months)	FY 1969 (Cases) (Months)	FY 1970 (Cases) (Months)	
1	Orally Heard Rail Merger Cases	—	—	—		—	—	—	
2	Rail Finance Cases (Other than Orally Heard Rail Merger Cases)	42	36	30	6.3	23	17	9	11.7
3	Motor Carrier Finance Cases	26	48	32	6.3	28	20	19	13.8
4	Motor Carrier Operating Authority Cases	523	434	458	6.6	1,063	631	622	10.9
5	Motor Carrier Complaint Cases	540	490	548	4.1	27	21	11	11.5
6	Water Carrier Cases	3	1	3	11.3	2	2	1	7.0
7	Formal Docket Cases (Rate Complaints and Investigations)	40	49	62	12.5	27	31	30	9.9
8	Investigation and Suspension Cases (Motor)	805	808	836	1.4	—	—	4	9.5
9	Investigation and Suspension Cases (Rail)	45	41	61	2.5	—	—	1	21.0
10	All Other Cases	7	12	11	5.5	4	1	3	12.3
11	Total all types	2,031	1,919	2,041	3.8	1,174	723	700	11.0

	Decided by Final Report After Service of Initial Report				Decided by Final Report Without a Previous Initial Report				Total Cases		
	FY 1968 (Cases) (Months)	FY 1969 (Cases) (Months)	FY 1970 (Cases) (Months)		FY 1968 (Cases) (Months)	FY 1969 (Cases) (Months)	FY 1970 (Cases) (Months)		FY 1968	FY 1969	FY 1970
1	4 18.8	3 18.7	1 45.0		— —	— —	— —		4	3	1
2	42 14.1	34 11.7	21 17.8		327 2.6	402 2.8	382 2.8		434	489	442
3	90 19.6	82 16.7	41 23.2		224 3.5	241 5.4	239 6.4		368	391	331
4	1,939 18.0	1,251 15.9	920 19.8		2,190 5.6	2,870 8.4	3,284 6.4		5,724	5,186	5,284
5	52 20.4	27 21.1	28 19.7		6 13.9	7 10.1	18 7.2		625	545	605
6	10 13.4	18 34.6	3 23.0		8 2.4	5 5.9	16 3.3		23	26	23
7	75 19.3	67 17.8	70 20.5		1 14.1	3 16.1	26 25.6		143	150	188
8	9 24.3	— —	3 25.0		81 4.9	90 6.6	86 5.6		895	898	929
9	9 23.0	10 8.5	5 20.0		5 7.7	6 7.6	26 7.7		59	57	93
10	13 14.3	30 17.2	19 32.6		10 12.6	22 12.8	35 9.2		34	65	68
11	2,243 18.1	1,522 16.2	1,111 20.2		2,861 5.1	3,646 7.6	4,112 6.2		8,309	7,810	7,964

**TABLE 2.—Proceedings cases opened and closed during fiscal year 1970 as compared to prior calendar and fiscal years**

	Calendar Year 1966	Calendar Year 1967	Calendar Year 1968	Calendar Year 1969
Pending beginning of year	6,844	6,773	5,390	4,704
Openings during year	10,156	7,384	7,436	8,223
Closings during year	10,227	8,767	8,122	7,506
Pending end of year	6,773	5,390	4,704	5,421

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	Fiscal Year 1967	Fiscal Year 1968	Fiscal Year 1969	Fiscal Year 1970
Pending beginning of year	8,050	6,108	5,264	4,962
Openings during year	7,677	7,465	7,508	8,334
Closings during year	9,619	8,309	7,810	7,964
Pending end of year	6,108	5,264	4,962	5,332

**TABLE 3.—Informal proceedings**

	1968	1969	1970
Applications for motor temp. authority:			
Filed	6,195	6,404	8,018
Disposed of	6,205	6,374	8,022
Pending at end of year	22	52	48
Petitions in applications for motor carrier temp. auth.:			
Filed	726	682	815
Disposed of	735	662	819
Pending at end of year	49	69	65
Applications to deviate from regular routes:			
Filed	420	355	278
Disposed of	398	393	285
Pending at end of year	73	35	28
Petitions in deviation filings:			
Filed	9	10	7
Disposed of	9	8	9
Pending at end of year	2	4	2
Proceedings to revoke operating rights without hearing:			
Instituted	960	597	805
Disposed of	819	763	795
Pending at end of year	273	107	115



TABLE 4.—Tariffs and schedules, fiscal year 1970

	Received	Criticized	Rejected
Freight:			
Common carrier, tariffs:			
Rail	81,692	9,803	1,089
Motor	187,353	17,816	3,410
Water	3,281	143	23
Pipeline	1,133	81	6
Freight forwarder	11,336	931	88
Total	284,795	28,774	4,616
Contract carrier, schedules:			
Motor	6,030	1,584	422
Water	20	9	2
Total	6,050	1,593	424
Total Freight	290,845	30,367	5,040
Passenger, tariffs:			
Common carrier:			
Rail	4,730	415	33
Motor	9,365	1,341	204
Water	28	2	1
Total	14,123	1,758	238
Contract carrier: Motor	14	0	0
Express, tariffs:			
Rail	274	54	0
Motor	261	22	0
Total	535	76	0
Total passenger and express	14,672	1,834	238
Grand total	305,517	32,201	5,278

NOTES: Also filed were 36,101 quotations or tenders under section 22 of the act for Government transportation of property or persons at reduced rates. Applications requesting permission to change rates or other tariff provisions on less-than-statutory notice, or to depart from the tariff publishing rules, numbered 6,853. A total of 3,798 copies of contracts and amendments to existing contracts between motor contract carriers and shippers were filed, while 22,423 contracts and amendments between freight forwarders and motor common carriers were filed pursuant to section 409 of the act.

TABLE 5.—Fourth section board

	Number	Petitions for modification of orders
Applications:		
On hand beginning of year	50	0
Received during year	303	5
Reopened during year	1	0
Total	354	5
Disposed of during year:		
Granted	324	4
Denied	4	0
Granted in Part, denied in Part	2	1
Withdrawn	1	0
Dismissed	1	0
Total	332	5
Pending at end of year	22	0
Petitions for reconsideration of Board's action		2
Applications protested against granting of relief		4
Relief withheld pending hearings in applications		2

## APPENDIX C—ENFORCEMENT ACTIVITIES

TABLE 1.—Summary: July 1, 1969 thru June 30, 1970

	Rail	Motor	Other	Total
Field investigations: . .				
On hand beginning of year	174	610	14	798
Commenced during year	172	919	11	1102
Concluded during year	95	897	11	1003
Pending at end of year	251	632	14	897
Court proceedings:				
On hand beginning of year	63	395	6	464
Commenced during year	52	634	1	687
Concluded during year	<sup>1</sup> 50	<sup>2</sup> 579	1	630
Pending at end of year	65	450	6	521
Civil Claims settlements:				
On hand beginning of year	7	232	0	239
Commenced during year	31	543	0	574
Concluded during year	36	385	0	421
Pending at end of year	2	390	0	392
Commission proceedings:				
On hand beginning of year	6	196	4	206
Commenced during year	6	110	7	123
Concluded during year	0	125	3	128
Pending at end of year	12	181	8	201

<sup>1</sup> Includes 36 Civil Claims cases.

<sup>2</sup> Includes 332 Civil Claims cases resulting in 385 separate settlements.

TABLE 2.—Cases concluded or settled and monetary sanctions imposed

	Rail	Motor Water and Forwarder	Total
Cases concluded in court	14	248	262
Amount imposed	\$ 255,105	\$359,498	\$ 614,603
Civil Claims settlements	36	385	421
Amount imposed	\$ 966,165	\$561,667	\$1,527,832
Total fines and forfeitures	50	633	683
Total amount imposed	\$1,221,270	\$921,165	\$2,142,435



**APPENDIX D—PROGRESS OF LEGISLATION  
RECOMMENDED BY THE COMMISSION  
TO THE 91ST CONGRESS**

1. That section 17 of the Interstate Commerce Act be amended so as to provide for judicial review of the Commission's orders by the U.S. Courts of Appeals.

S. 2242 and H.R. 10851 were introduced upon request to implement the Commission's recommendation. On October 7, 1969, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 2242 and S. 2244. On December 15, 1969, S. 2244 was passed by the Senate. No further action was taken on either bill.

2. That section 17(2) of the Interstate Commerce Act be amended so as to authorize the Commission to delegate to qualified individual employees, including transportation economists and specialists, those matters which have not involved the taking of testimony at a public hearing or the submission of evidence by opposing parties in the form of affidavits.

S. 2243 and H.R. 10986 were introduced upon request to implement the Commission's recommendation. No further action was taken.

3. That section 212(a) of the Interstate Commerce Act be amended: (1) to make motor carrier operating authorities subject to suspension, change, or revocation for willful failure to comply with any provision of chapter 39, title 18, United States Code. Explosives and Other Dangerous Articles, and (2) to provide that the Commission may, upon reasonable notice, suspend motor carrier operating authorities for failure to comply with insurance regulations pursuant to section 215 thereof.

S. 2244 and H.R. 10852 were introduced upon request to implement the Commission's recommendation. On October 7, 1969, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 2242 and S. 2244.

On December 15, 1969, S. 2244 was passed by the Senate. No action was taken by the House of Representatives.

4. That part II of the Interstate Commerce Act be amended to authorize the Commission, after investigation and hearing, when necessary and desirable in the public interest, to require the establishment of through routes and joint rates between motor common carriers

of property, and between those carrier and common carriers by rail, express, and water.

S. 2245 and H.R. 10853 were introduced upon request to implement the Commission's recommendation. On May 6, 1970, the Commission testified on S. 2245 and S. 3626, before the Senate Subcommittee on Surface Transportation. S. 3626 is an alternate bill introduced by Senator Frank Moss on March 24, 1970. No further action was taken.

5. That section 13a of the Interstate Commerce Act be amended to authorize a study of essential railroad passenger service by the Secretary of Transportation and to provide the Commission with more time and improved procedures for dealing with railroad passenger train discontinuances.

S. 2887 and H.R. 14170 were introduced upon request to implement the Commission's recommendation. On September 23, 1969, the Commission testified before the Senate Subcommittee on Surface Transportation on S. 674, S. 2750, S. 2865, S. 2887, S. 2939, S. 2951, S.J.Res. 120, S.J.Res. 129 and S.Con. Res. 32. S. 3706, a compromise bill establishing a quasi-government corporation to operate rail passenger service passed the Senate on May 6, 1970. On June 2, 1970, the Commission testified before the House Subcommittee on Transportation and Aeronautics. H.R. 17849, an amended version of S. 3706 became Public Law 91-518.

6. That part I of the Interstate Commerce Act be amended by adding section 13b which sets forth the duty of railroads operating intercity passenger trains to provide and furnish reasonably adequate service and authorizes the Commission to establish and enforce standards of reasonably adequate service.

S. 2951 and H.R. 14572 were introduced upon request to implement the Commission's recommendation.

The essential aspects of these bills were incorporated into S. 3706 (see 5 above).

**APPENDIX E—PUBLICATIONS**  
**FINANCIAL AND TRAFFIC STATISTICS<sup>1</sup>**  
**Annual**

- \*Transport Statistics in the United States. Detailed data on traffic, operations, equipment, finances, and employment for carriers subject to the Interstate Commerce Act (rail carriers, motor carriers, water carriers, oil pipelines, freight forwarders, Railway Express, Inc., and private car owners). Available by releases: Rail, first release, \$2.00, second release, \$1.50; motor, first release, \$0.45, second release, \$1.25, and third release, \$0.50; water carriers, first release, \$0.45, second release, \$0.30; oil pipelines, \$0.40; freight forwarders, \$0.25; private car lines, \$0.25; Railway Express, Inc., and electric railways included with first release rail.
  - \*Freight Commodity Statistics, Class I Railroads in the United States. Carloads and tons of revenue freight originated, terminated, and received from connecting carriers, and gross freight revenue, \$0.50.
  - \*Motor Carrier Freight Commodity Statistics, Class I Common and Contract Carriers of Property. Number of truckloads and tons of freight originated, terminated, and delivered to connecting carriers, and gross freight revenue \$1.25.
- Selected Statistics of Class III Motor Carriers of Property.
- A-300—Wage Statistics of Class I Railroads in the United States—Calendar Year. Number of employees, service hours, and compensation by occupation: Professional, clerical, and general; maintenance of way and structures; maintenance of equipment and stores; etc.
- A-650—Revenue and Traffic of Carriers by Water—Calendar Year. Freight revenue, number of tons of revenue freight carried, revenue ton-miles, passenger revenue, and number of passengers carried.
- A-750—Revenues, Expenses, Other Income, and Statistics of Class I Motor Carriers of Passengers—Calendar Year. Passenger operating

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<sup>1</sup> Prepared by the Bureau of Accounts.

\* Indicates publications obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, at prices indicated. (Subject to change.) Other publications obtained from the Section of Administrative Services, Interstate Commerce Commission, Washington, D.C. 20423, without charge. (Subject to change.)



revenues (intercity, local and suburban, charter, or special service), expenses, other income, vehicle-miles operated in intercity, local and suburban, charter, or special service, number of revenue passengers carried, man-hours paid for, and compensation of drivers.

A-800—Revenues, Expenses, Other Income, and Statistics of Class I Motor Carriers of Property—Calendar Year. Operating revenues (intercity, common and contract, local cartage, intercity transportation for other class I and class II motor carriers), expenses, other income, deductions and income taxes, truck- and tractor-miles operated in intercity freight service by common and contract carriers, tons of revenue freight transported in intercity service, operating ratio, and report of man-hours paid for and compensation of drivers and helpers.

#### Quarterly

Q-100—Operating Revenues and Operating Expenses of Class I Railroads. Operating revenues, expenses, taxes, equipment and joint facility rents, and net railway operating income.

Q-125—Selected Income and Balance Sheet Items of Class I Railroads. Income account items, net income, dividends, expenditures for additions and betterments, current assets and liabilities, and analysis of taxes accrued.

Q-200—Operating Statistics of Large Railroads, Selected Items. Freight and passenger operating statistics, consisting of miles of road operated, train-miles, car-miles, ton-miles, train-hours, locomotive units assigned to freight and passenger service, and number of freight cars on line for individual roads.

Q-210—Train and Yard Service of Class I Railroads, in the United States. Miles of road operated, train- and locomotive-unit miles, and car-miles; gross ton-miles of road locomotives and tenders, gross ton-miles of cars, contents, and cabooses, net ton-miles, train, train-switching, and yard-switching hours.

Q-220—Revenue Traffic Statistics of Class I Railroads, in the United States. Number of revenue tons carried, freight revenue, and passenger revenue.

Q-240—Motive Power and Car Equipment of Class I Railroads, in the United States. Locomotive units assigned to yard-switching service, road freight service and road passenger service. Motorcars owned, freight cars on line, home and foreign. Freight cars and passenger-train cars owned.

Q-600—Transportation Revenue and Traffic of Large Oil Pipeline Companies. Transportation revenue and number of barrels of

oil originated and received from connections, present and preceding year.

Q-650—Revenue and Traffic of Class A and B Water Carriers. Freight revenue, number of tons of revenue freight carried, revenue ton-miles, passenger revenue, and number of passengers carried.

Q-750—Revenues, Expenses, Other Income, and Statistics of Class I Motor Carriers of Passengers. Passenger operating revenues (intercity, local and suburban, charter or special service), expenses, other income, miles of highway over which intercity regular route operations conducted, vehicle-miles operated by buses in intercity, local and suburban, charter or special service, number of revenue passengers carried by buses for each route operation, man-hours paid for, and compensation of drivers.

Q-800—Revenues, Expenses, Other Income, and Statistics of Class I Motor Carriers of Property. Operating revenues (intercity, common and contract, local cartage, intercity transportation for other class I and class II motor carriers), expenses, other income, deductions and income taxes, truck- and tractor-miles operated in intercity freight service by common and contract carriers, tons of revenue freight transported in intercity service, operating ratio, report of manhours paid for, and compensation of drivers and helpers.

Q-950—Revenues, Expenses, and Statistics of Freight Forwarders. Operating revenues, expenses, income items, net income, tons of freight received from shippers, and number of shipments received from shippers.

### Monthly

M-300—Wage Statistics of Class I Railroads in the United States. Number of employees, service hours, and compensation by occupation.

M-350—Preliminary Report of Railroad Employment, Class I Line-Haul Railroads. Number of employees at middle of month, group totals.

### TRANSPORT ECONOMICS<sup>2</sup>

Transport Economics. Recurring and special analyses of traffic, operations, equipment, finances, and employment of transportation industries, and related subjects. Issued monthly.

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<sup>2</sup> Prepared by Bureau of Economics. Upon request to the Bureau, copies may be obtained free of charge until supply is exhausted.

## APPENDIX F—APPROPRIATIONS AND EMPLOYMENT

The following statement shows average employment and total appropriations for the fiscal years 1944 to 1971 for activities included under the current appropriation title "Salaries and expenses."

Year	Appropriation	Average employment
1944	\$ 8,873,900	2,076.0
1945	8,883,700	1,957.5
1946	8,733,738	2,058.3
1947	10,496,200	2,240.4
1948	10,713,000	2,247.7
1949	11,300,317	2,217.8
1950	11,416,700	2,161.0
1951	11,408,200	2,072.3
1952	11,264,035	1,889.5
1953	11,003,500	1,849.4
1954	11,284,000	1,837.9
1955	11,679,655	1,859.1
1956	12,896,000	1,902.2
1957	14,879,696	2,090.1
1958	17,412,375	2,237.8
1959	18,747,800	2,268.1
1960	19,650,000	2,343.6
1961	21,451,500	2,386.1
1962	22,075,000	2,399.7
1963	23,502,800	2,412.8
1964	24,670,000	2,407.8
1965	26,715,000	2,399.1
1966	27,540,000	2,375.8
1967	<sup>1</sup> 27,169,000	<sup>1</sup> 1,928.9
1968	23,846,000	1,899.0
1969	24,664,000	1,808.1
1970	27,742,660	1,801.9
1971	<sup>2</sup> 28,400,000	<sup>3</sup> 1,773.0

<sup>1</sup> Excludes \$1,310,000 transferred to the Department of Transportation (Public Law 89-670) approved Oct. 15, 1966, and determination order of the Director of the Office of Management and Budget which authorized transfer of funds as of Apr. 1, 1967.

<sup>2</sup> Excludes average employment for those functions transferred to the Department of Transportation effective Apr. 1, 1967.

<sup>3</sup> Estimated. Includes House allowance of \$27 million and 1.4 million anticipated supplemental appropriation for increased pay costs (P. L. 91-231).



# STATEMENT OF APPROPRIATIONS AND OBLIGATIONS FOR THE FISCAL YEAR ENDED JUNE 30, 1970

An Act making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1970, and for other purposes. (Public Law 91-168, 91st Cong., approved Dec. 26, 1970.)

Salaries and expenses: For necessary expenses of the Interstate Commerce Commission, including services as authorized by 5 U.S.C. 3109, \$25,127,000, of which \$150,000 shall be available for valuation of pipelines: Provided, That Joint Board members and co-operating State commissioners may use Government transportation requests when traveling in connection with their duties as such ..... \$25,127,000

Supplemental appropriation (Public Law 91-305, 91st Cong., approved July 6, 1970) ..... 2,615,660

Transfer to GSA for office space ..... -639

Amount available ..... 27,742,021

Obligations and unobligated balance of appropriation as of June 30, 1970: The obligations shown represent net obligation after deducting reimbursements from non-Federal sources and all credits for services and salaries charged to other Government activities.

Net obligations under appropriation for the year ended June 30, 1970:

Salaries and expenses ..... 27,732,628

Unobligated balance of appropriation Salaries and expenses ..... 9,393

Statement of receipts from fees and charges during the fiscal year ended June 30, 1970:

Registration and filing fees ..... 1,525,873

Fees and other charges for other administrative services 18,397

Total receipts from fees and charges ..... 1,544,270

## APPENDIX G—TRANSPORTATION STATISTICS

**TABLE 1.—Number of carriers subject to uniform system of accounts and required to file annual and periodic reports as of June 30, 1970**

Railroads, class I	71
Railroads, class II	276
Railroad switching and terminal companies, class I	30
Railroad switching and terminal companies, class II	151
Railroad lessor companies	142
Motor carriers, class I passenger	107
Motor carriers, class I property	1,571
Motor carriers, class II property	2,061
Oil pipelines	99
Water carriers	88
Maritime carriers	17
Electric railways	10
Freight forwarders	65
Protective service companies	8
Express companies	1
Stockyard companies	<sup>2</sup> 31
Holding companies (rail)	8
Holding companies (water)	3
Total	<u><u>4,739</u></u>

**Number of carriers and organizations filing annual reports but not subject to prescribed uniform system of accounts as of June 30, 1970**

Carlines (companies which furnish cars for use on lines of railroads)	140
Class II and III motor carriers of passengers	917
Class III motor carriers of property	11,468
Water carriers (less than \$100,000 gross revenue)	101
Freight forwarders (less than \$100,000 gross revenue)	19
Holding companies (motor)	60
Street electric lines	1
Rate bureaus and organizations	97
Total	<u><u>12,803</u></u>
Grand total	<u><u>17,542</u></u>

<sup>1</sup> Includes 7 combination (property and passenger) carriers.

<sup>2</sup> Includes 12 stockyard company lessors.

TABLE 2.—Revenues, net investment, and taxes, 1969 <sup>1</sup>  
(Thousands)

Kind of carrier	Operating revenues	Net investment in carrier operating property and equipment, Dec. 31, 1968	Taxes	
			Income and excess profits	All other
Class I line-haul railroads	<sup>2</sup> \$11,450,325	\$24,538,333	<sup>3</sup> \$106,191	\$922,876
Motor carriers of property (class I intercity)	<sup>4</sup> 10,723,430	2,002,147	<sup>4</sup> 154,706	<sup>6</sup> 648,007
Motor carriers of passengers (class I intercity)	<sup>4</sup> 680,372	316,078	<sup>4</sup> 539,260	<sup>8</sup> 47,021
Water carriers (class A and class B)	<sup>4</sup> 304,752	243,977	<sup>4</sup> 9,404	<sup>4</sup> 4,259
Oil pipelines <sup>10</sup>	<sup>4</sup> 1,069,263	2,953,491	<sup>3</sup> <sup>4</sup> 124,270	<sup>4</sup> 71,804
Total	24,228,142	30,054,026	433,831	1,693,967
Percentage distribution				
Class I line-haul railroads	47.3	81.6	24.5	54.5
Motor carriers of property	44.3	6.7	35.7	38.3
Motor carriers of passengers	2.8	1.1	9.0	2.8
Water carriers	1.2	.8	2.2	.2
Oil pipelines	4.4	9.8	28.6	4.2
Total	100.0	100.0	100.0	100.0

<sup>1</sup> Net investment in carrier property and equipment at the close of the preceding year.<sup>2</sup> Railway operating revenues.<sup>3</sup> U. S. Government income and excess profits taxes only.<sup>4</sup> Preliminary.<sup>5</sup> United States and State taxes combined.<sup>6</sup> From Quarterly Report Q-800.<sup>7</sup> Effective Jan. 1, 1969, the revenue qualification of a class I motor carrier of passengers was increased from average annual operating revenues of \$200,000 or more to \$1,000,000 or more.<sup>8</sup> From Quarterly Report Q-750.<sup>9</sup> Total waterline operating revenues.<sup>10</sup> Does not include 5 pipeline departments.



TABLE 3.—Certificates of convenience and necessity issued for abandonment, construction, acquisition and operation of lines of railroad under sec. 1(18) of the Interstate Commerce Act, as amended.

	July 1, 1968 through June 30, 1969		July 1, 1969 through June 30, 1970	
	Applications	Miles	Applications	Miles
Abandonment applications filed				
Certificates of abandonment:				
Granted	136	2,286.6	104	1,762.0
Denied	89	1,319.8	82	1,782.0
Dismissed	1	12.2	2	64.9
	5	48.0	19	210.4
Abandonments permitted since effective date of act	—	56,805.4	—	58,587.4
Construction applications filed				
Granted	13	79.4	11	70.2
Denied	17	98.7	5	37.0
Dismissed	1	26.7	—	—
	3	59.6	2	18.4
Acquisition and operation applications filed				
Granted	15	344.9	10	152.7
Denied	15	433.1	9	65.2
Dismissed	1	3.8	—	—
	1	218.5	—	—

TABLE 4.—Car supply—cars installed, retired, and ordered

	1955	Fiscal year		1970
		1960	1965	
Cars installed :				
Box	15,326	18,106	20,165	24,243
Refrigerator	3,373	3,068	6,631	6,541
Gondola	1,343	6,800	3,658	6,888
Hopper	1,542	15,725	22,333	10,999
Covered Hopper	1,831	3,062	9,686	5,887
Flat	1,230	1,943	4,149	2,875
Other	2,029	361	1,204	379
Total Cars	26,674	49,065	67,826	57,812
Cars retired :				
Box	24,980	32,160	33,123	26,682
Refrigerator	2,768	3,715	2,494	5,668
Gondola	14,558	11,303	9,668	11,066
Hopper	26,295	30,666	28,918	21,366
Covered Hopper	22	141	255	2,178
Flat	1,308	821	1,789	1,028
Other	3,786	2,278	2,414	4,175
Total Cars	73,717	81,084	78,661	72,163
Cars ordered :				
Box	23,505	12,720	22,354	9,232
Refrigerator	1,903	4,684	10,114	3,890
Gondola	2,537	5,581	5,508	6,584
Hopper	4,542	9,082	10,260	11,883
Covered Hopper	3,690	3,425	13,911	8,709
Flat	1,738	5,071	9,543	6,299
Other	5,977	2,825	9,160	8,453
Total Cars	43,892	43,388	80,850	55,050

TABLE 4a.—Ownership, serviceable ownership, and turnaround time, class I railroads

	1955	1960	1965	1970
<b>Ownership:</b>				
Plain Box	664,709	646,033	495,107	380,227
Equipped Box	51,908	52,951	95,497	163,295
Total Box	716,617	698,984	590,604	543,522
Refrigerators	101,167	91,053	95,505	100,502
Gondolas	286,272	270,876	220,854	190,356
Hoppers	525,518	490,521	432,442	392,015
Covered Hoppers	39,077	62,933	87,271	128,577
Flat	47,858	51,807	59,628	72,048
Others	82,195	77,068	61,003	51,365
Total Cars	1,798,704	1,743,242	1,547,307	1,478,385
<b>Serviceable cars:</b>				
Plain Box	637,616	595,889	416,369	349,544
Equipped Box	47,923	49,707	92,314	155,287
Total Box	685,539	645,596	508,683	504,831
Refrigerators	96,896	86,765	92,099	96,741
Gondolas	265,421	239,816	204,447	177,861
Hoppers	483,455	446,701	409,662	375,884
Covered Hoppers	38,507	61,559	85,088	124,605
Flat	45,542	48,881	57,017	67,764
Others	77,474	73,289	58,214	49,214
Total Cars	1,692,834	1,602,607	1,415,210	1,396,900
<b>Turnaround time—days:</b>				
Box	16.55	18.12	20.08	21.68
Refrigerators	25.38	30.68	34.39	33.56
Gondolas	20.25	20.89	19.07	19.31
Hoppers	18.13	17.15	14.48	13.93
Covered Hoppers	16.61	19.53	20.75	20.74
Flat	26.15	18.07	11.97	12.41
Total Cars	18.31	19.00	18.42	18.39



TABLE 5.—Shareholders' equity and long-term debt and dividends, 1960-69—class I line-haul railroads and their lessor subsidiaries  
[Dollars in thousands]

Year ended Dec. 31—	Shareholders' equity			Total long-term debt	Total equity and debt	Ratio of debt to total equity and debt (percent)	Amount of dividends <sup>1</sup>
	Total	Capital stock	Capital surplus				
1960	\$18,527,245	\$7,235,503	\$1,327,193	\$9,700,783	\$28,228,028	34.37	\$401,132
1961	18,462,947	6,571,928	1,909,967	9,542,193	28,005,140	34.07	373,821
1962	18,751,740	6,574,575	1,947,310	9,433,447	28,185,187	33.47	384,477
1963	19,041,077	6,608,790	2,040,550	9,404,379	28,445,456	33.06	398,229
1964	19,044,735	6,536,506	2,080,314	9,575,526	28,620,261	33.46	477,724
1965 <sup>2</sup>	19,235,421	6,462,296	2,070,710	9,827,572	29,062,993	33.81	510,402
1966	19,681,670	6,494,647	2,087,575	10,285,096	29,966,766	34.32	530,699
1967	19,465,188	6,500,838	2,135,990	10,828,360	29,972,348	35.06	564,375
1968	19,462,742	6,372,476	2,165,910	10,503,919	29,966,661	35.05	542,784
1969	19,275,468	6,386,492	2,208,616	10,825,238	30,100,706	35.96	513,595

<sup>1</sup> Includes figures for lessors and operating railroads without excluding duplications on account of intercorporate payments. Stock dividends for the last 10 years have been as follows: \$2,329 in 1960; \$1,890,200 in 1961; \$1,910,451 in 1962; \$4,877,125 in 1963; \$2,123 in 1964; \$2,199,705 in 1965; \$2,162,160 in 1966; \$916,302 in 1967; \$765,221 in 1968; and \$503,273 in 1969.

<sup>2</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 6.—Operating revenues, operating expenses, and ordinary income, class I line-haul railroads, 1960-70  
[Dollars in thousands]

Year ended Dec. 31—	Freight revenues	Passenger revenues	Total operating revenues	Total transporta- tion expenses	Total operating expenses	Oper- ating ratio (percent)	Net railway operating income	Ordinary income
1960	\$8,025,423	\$640,268	\$9,514,294	\$3,832,882	\$7,565,336	79.52	\$584,016	\$444,640
1961	7,739,044	624,688	9,189,138	3,710,832	7,214,260	79.16	537,771	382,444
1962	7,991,146	619,056	9,439,895	3,755,092	7,418,562	78.59	725,679	571,017
1963	8,146,131	588,104	9,559,522	3,771,254	7,451,648	77.95	805,658	651,637
1964	8,455,457	577,910	9,856,527	3,920,622	7,737,847	78.50	818,213	698,184
1965 <sup>1</sup>	8,835,958	553,056	10,207,850	4,020,161	7,849,841	76.90	961,516	814,629
1966	9,280,613	543,632	10,654,666	4,139,268	8,117,657	76.19	1,045,863	903,783
1967	9,130,233	485,369	10,366,041	4,186,049	8,204,492	79.15	676,434	<sup>2</sup> 553,789
1968	9,749,788	444,334	10,854,678	4,354,705	8,580,961	79.05	677,623	<sup>2</sup> 590,402
1969	10,346,258	438,667	11,450,325	4,595,574	9,066,529	79.18	654,670	<sup>2</sup> 514,238
January-June 1969 <sup>3</sup>	5,103,951	214,327	5,641,763	2,236,180	4,412,969	78.22	352,689	<sup>2</sup> 259,327
January-June 1970 <sup>3</sup>	5,379,608	205,297	5,900,842	2,432,821	4,795,291	81.26	217,640	<sup>2</sup> 74,318

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

<sup>2</sup> Before extraordinary and prior period items.

<sup>3</sup> Preliminary.

TABLE 7.—Taxes and equipment rents, class I line-haul railroads, 1960-70

(In thousands)

Year ended Dec. 31—	Railway tax accruals	Equipment and joint facility rents (net)	Other income	Interest, rents, and other deductions	Federal income and excess-profits taxes <sup>1</sup>
1960	\$998,799	—\$366,143	\$346,328	\$485,705	\$202,903
1961	991,083	—386,023	322,281	477,609	242,456
1962	905,044	—390,610	325,576	480,237	156,786
1963	886,387	—415,828	330,075	484,096	164,109
1964	870,581	—429,885	368,891	488,920	137,919
1965 <sup>2</sup>	916,494	—480,000	365,389	512,276	163,656
1966	968,372	—522,775	399,492	541,572	186,325
1967	910,178	—574,937	457,545	347,941	<sup>3</sup> 66,317
1968	946,334	—649,761	520,639	581,964	<sup>3</sup> 66,078
1969	1,029,067	—700,059	505,268	595,028	<sup>3</sup> 106,191
January-June 1969 <sup>4</sup>	534,872	—341,233	219,711	313,072	<sup>3</sup> 77,089
January-June 1970 <sup>4</sup>	523,098	—364,812	227,962	371,284	<sup>3</sup> 42,541

<sup>1</sup> Included in railway tax accruals.<sup>2</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.<sup>3</sup> Excludes income taxes on extraordinary and prior period items.<sup>4</sup> Preliminary.

TABLE 8.—Net railway operating income, net income, and rates of return, class I line-haul railroads, 1960-69

(Dollars in thousands)

Year ended Dec. 31—	Investment in property used in transportation operations less depreciation and amortization <sup>1</sup>	Net railway operating income	Ratio of net railway operating income to investment in property used in transportation operations less depreciation and amortization (percent)	Shareholders' equity	Net income	Ratio of net income to shareholders' equity (percent)
1960	\$26,396,665	\$584,016	2.21	\$17,312,733	\$444,640	2.57
1961	26,372,540	537,771	2.04	17,283,908	382,444	2.21
1962	26,185,903	725,679	2.77	17,559,195	571,017	3.25
1963	26,266,191	805,658	3.07	17,840,552	651,637	3.65
1964	25,394,471	818,213	3.22	17,622,350	698,184	3.96
1965 <sup>2</sup>	25,793,676	961,516	3.73	17,746,696	814,629	4.59
1966	26,699,511	1,045,863	3.92	18,194,059	903,783	4.97
1967	27,241,987	676,434	2.48	17,973,434	<sup>3</sup> 321,541	<sup>3</sup> 1.79
1968	26,903,000	677,623	2.52	17,962,680	<sup>3</sup> 564,505	<sup>3</sup> 3.14
1969	<sup>4</sup> 27,506,704	654,670	<sup>4</sup> 2.38	17,768,768	<sup>3</sup> 463,565	<sup>3</sup> 2.61

<sup>1</sup> Includes allowance for working capital. Figures for 1964 and prior years include present value of land; figures for 1965 and subsequent years include original cost of land.<sup>2</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.<sup>3</sup> After extraordinary and prior period items...<sup>4</sup> Preliminary.



**TABLE 9.—Current assets and current liabilities—class I line-haul railroads as of June 30, 1969-70**  
(Dollars in millions)

	1969 amount	1970 Amount	Percent of change
Total current assets	\$3,184	\$3,395	+6.6
Cash and temporary cash investments	1,097	976	-11.0
Materials and supplies	519	552	+6.4
Total current liabilities	2,674	3,165	+18.4
Net working capital:			
Including materials and supplies	510	230	-54.9
Excluding materials and supplies	-9	-322	—
RATIOS			
Current assets to current liabilities:			
Including materials and supplies	1.19	.07	
Excluding materials and supplies	1.00	1.90	
Cash and temporary cash investments to current liabilities	.41	.31	

**TABLE 10.—Condensed income account—class I line-haul railroads, 1967-69**  
(In millions)

Item	1967	1968	1969
Revenue, other income, and extraordinary and prior period items	\$10,598	\$11,348	\$11,892
Cost of materials, depreciation, and other expenses, except wages and salaries	4,107	4,379	4,678
Taxes, including income, profits, and payroll	916	945	1,016
Total deductions	5,023	5,324	5,694
Remainder for employees and investors	5,575	6,024	6,198
Wages and salaries <sup>1</sup>	4,673	4,852	5,089
Investors' share:			
Rent for leased roads <sup>2</sup>	59	61	60
Interest on obligations	432	451	487
Other deductions <sup>3</sup>	89	96	98
For dividends and surplus	322	564	464
Total	902	1,172	1,109
Percent wages and salaries	83.8	80.5	82.1
Percent investors' share	16.2	19.5	17.9

<sup>1</sup> Chargeable to operating expenses and not including the following amounts of payroll taxes, in millions: 1969, \$533; 1968, \$513; and 1967, \$477.

<sup>2</sup> Represents largely intercompany payments among railroads of interest and dividends.

<sup>3</sup> Miscellaneous deductions from income, and amortization of discount on funded debt.

TABLE 11.—Number and compensation of employees—class I line-haul railroads, 1960-69

Year ended Dec. 31—	Average number of employees during year <sup>1</sup>	Total hours paid for	Compensation of railroad employees <sup>2</sup>			
			Total	Average per hour	Ratio to revenues	Ratio to expenses
		Thousands	Thousands		Percent	Percent
1960	780,971	1,840,615	\$4,893,622	\$2.659	51.43	64.68
1961	715,985	1,698,704	4,623,981	2.722	50.32	63.57
1962	700,146	1,672,389	4,662,113	2.788	49.39	62.84
1963	679,867	1,640,868	4,629,784	2.822	48.43	62.13
1964	665,034	1,619,804	4,697,884	2.900	47.66	60.71
1965 <sup>3</sup>	639,961	1,564,736	4,793,066	3.063	46.95	61.06
1966	630,895	1,541,093	4,879,273	3.166	45.79	60.11
1967	610,191	1,466,429	4,933,663	3.364	47.59	60.13
1968	590,536	1,441,849	5,110,636	3.545	47.08	59.56
1969	578,277	1,413,820	5,362,754	3.793	46.83	59.15

<sup>1</sup> This is the average of 12 counts made at middle of month and differs from the number of persons receiving pay during the month of year regardless of whether for a long or short period.

<sup>2</sup> In 1969, \$5,089,015,275 or 94.90 percent of the reported compensation was chargeable to operating expenses.

<sup>3</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 12.—Average number of employees—class I line-haul railroads (middle-of-the-month count), 1960-70

Years	Executives, officials, and staff assistants	Professional, clerical, and general	Maintenance of way and structures	Maintenance of equipment and stores	Transportation (other than train, engine, and yard)	Transportation (yardmasters, switch hostlers)	Transportation (train and engine service)	Total
1960	15,050	161,540	118,597	184,105	89,950	12,092	199,637	780,971
1961	14,595	151,231	105,219	163,728	82,510	11,267	187,435	715,985
1962	14,454	145,903	102,274	161,080	77,743	10,713	187,979	700,146
1963	14,505	140,617	99,297	156,884	72,475	10,302	185,787	679,867
1964	14,715	138,483	98,615	154,652	68,513	10,081	179,975	665,034
1965 <sup>1</sup>	14,766	135,860	94,633	148,425	64,847	10,019	171,411	639,961
1966	15,185	133,992	94,098	145,628	61,315	9,970	170,707	630,895
1967	15,501	131,360	90,462	138,488	57,020	9,828	167,532	610,191
1968	15,837	127,271	88,916	132,114	51,318	9,634	165,446	590,536
1969	16,204	124,709	87,605	127,114	47,169	9,255	166,221	578,277
June 1969	16,248	126,279	92,782	129,995	48,601	9,429	167,761	591,095
June 1970 <sup>2</sup>	16,568	123,660	92,468	125,154	44,757	9,465	167,664	579,736

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

<sup>2</sup> Preliminary.

TABLE 13.—Selected freight service operating statistics—class I line-haul railroads, 1960-70

Year ended Dec. 31—	Average miles of road operated	Total revenue ton-miles	Tons of revenue freight carried	Revenue per ton-mile	Miles per revenue ton per road (average haul)	Net ton-miles per mile of road per day	Train-miles per train-hour (average)	Percent of freight cars unserviceable
		Millions	Thousands	Cents				
1960	219,381	572,309	2,280,889	1.40	250.9	7,325	19.5	7.6
1961	219,428	563,361	2,192,193	1.37	257.0	7,233	19.9	8.2
1962	217,388	592,862	2,271,960	1.35	261.0	7,657	20.0	7.5
1963	216,639	621,659	2,371,137	1.31	262.2	8,054	20.1	6.9
1964	215,678	659,327	2,499,385	1.28	263.8	8,496	20.2	5.4
1965 <sup>1</sup>	212,133	697,736	2,539,304	1.27	274.8	9,161	20.1	5.1
1966	211,474	738,252	2,637,539	1.26	279.9	9,723	20.3	4.4
1967	211,835	719,397	2,570,067	1.27	279.9	9,462	20.3	4.6
1968	211,181	744,479	2,596,017	1.31	286.8	9,821	20.4	4.8
1969	210,986	767,867	2,670,641	1.35	287.5	10,151	20.1	4.9
January-June 1969	211,217	381,200	1,305,930	1.34	291.9	10,143	20.0	4.8
January-June 1970	209,701	383,124	1,292,701	1.40	296.4	10,328	20.0	5.1



TABLE 14.—Selected passenger service operating statistics—class I line-haul railroads, 1960-70

Year ended Dec. 31—	Average miles of road operated	Passen- gers carried	Total passen- ger miles	Revenues		Passen- ger train miles	Train- miles per train- hour	Percent passen- ger cars unserv- iceable
				per pas- senger per mile (includes commuta- tion)	per pas- senger per mile (excludes commuta- tion)			
		Thousands	Millions	Cents	Cents	Thousands		
1960	94,117	325,872	21,258	3.01	3.03	209,367	40.7	8.7
1961	89,515	317,024	20,283	3.08	3.08	198,443	40.9	9.6
1962	86,028	311,738	19,902	3.11	3.10	193,211	40.9	10.5
1963	84,928	309,603	18,497	3.18	3.18	189,360	40.9	11.4
1964	81,795	313,016	18,248	3.17	3.16	183,557	41.4	9.8
1965 <sup>1</sup>	76,993	298,877	17,389	3.18	3.14	172,344	41.3	7.9
1966	73,173	300,370	17,095	3.18	3.13	164,264	41.3	7.8
1967	67,827	296,995	15,201	3.19	3.13	149,820	41.7	8.2
1968	59,259	295,618	13,120	3.38	3.33	122,591	41.0	8.3
1969	56,484	295,880	12,169	3.60	3.63	107,106	41.0	7.8
January-June 1969	58,155	148,281	5,941	3.61	3.65	54,997	41.2	7.6
January-June 1970	51,723	143,907	5,325	3.85	4.00	47,223	40.3	6.8

<sup>1</sup> Effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of \$3,000,000 or more to \$5,000,000 or more.

TABLE 15.—Revenues, expenses, ordinary income, and employment of refrigerator car lines owned or controlled by railroads, 1960-69

Year ended Dec. 31—	Number of com- panies repre- sented	Operating revenues	Operating expenses	Oper- ating ratio	Income taxes	Ordinary income	Employees	
							Average number	Compen- sation
				Percent				
1960	8	\$141,246,762	\$102,116,944	72.30	\$3,783,820	\$13,850,666	7,320	\$38,722,259
1961	8	138,021,938	102,325,996	74.14	4,682,361	8,878,573	6,608	39,169,375
1962	8	140,324,418	101,654,801	72.44	2,001,244	13,830,014	6,583	37,666,715
1963	7	142,293,303	104,940,685	73.75	696,677	13,877,213	6,545	38,276,464
1964	7	153,105,764	108,353,974	70.77	1,703,056	16,136,320	6,452	38,468,070
1965	7	155,058,757	112,096,519	72.29	1,598,525	13,385,093	6,103	41,610,360
1966	7	175,680,749	118,500,027	67.45	2,966,930	15,737,697	6,124	41,134,584
1967	7	175,180,449	122,620,786	70.00	<sup>1</sup> 1,499,155	<sup>2</sup> 12,478,630	5,816	43,137,192
1968	8	180,772,824	121,773,727	67.36	<sup>1</sup> 4,497,194	<sup>2</sup> 10,462,105	5,328	43,026,998
1969 <sup>3</sup>	8	189,726,403	121,804,082	64.20	<sup>1</sup> 4,701,246	<sup>2</sup> 14,386,894	5,372	44,788,265

<sup>1</sup> Excludes income taxes on extraordinary and prior period items.<sup>2</sup> Before extraordinary and prior period items.<sup>3</sup> Preliminary.

**TABLE 16.—Carline operating income before income taxes, net income, and rate of return of refrigerator car lines owned or operated by railroads, 1960-69**

Year ended Dec. 31—	Net invest- ment in transporta- tion property plus working capital	Carline oper- ating income before income taxes	Ratio of car- line operating income before income taxes to net invest- ment in trans- portation property plus working capital	Shareholders' equity	Net income	Ratio of net in- come to share- holders' equity
			Percent			Percent
1960	\$327,438,692	\$29,470,408	9.00	\$193,293,740	\$13,850,666	7.17
1961	320,106,371	26,165,454	8.17	194,911,926	8,878,573	4.56
1962	329,275,640	28,668,942	8.71	201,118,897	13,830,014	6.88
1963	344,378,353	25,741,581	7.47	206,946,110	13,877,213	6.71
1964	354,389,193	30,857,171	8.71	215,655,330	16,136,320	7.48
1965	379,028,643	24,922,780	6.58	222,139,603	13,385,093	6.03
1966	390,252,387	31,621,972	8.10	233,204,816	15,737,697	6.75
1967	403,768,326	24,129,322	5.98	239,145,710	11,376,343	4.76
1968	416,427,897	24,598,557	5.91	245,065,619	10,690,411	4.36
1969 <sup>2</sup>	424,244,612	30,383,718	7.16	251,231,869	14,386,894	5.73

<sup>1</sup> After extraordinary and prior period items.<sup>2</sup> Preliminary.**TABLE 17.—Selected statistics of nonrailroad controlled private car owners,<sup>1</sup> 1960-69**

Year ended Dec. 31—	Cars owned at close of year					Revenue receivable	Miles made by owned cars
	Refrig- erator	Petroleum	Other tank	Other <sup>2</sup>	Total		
						Thousands	Thousands
1960	20,429	78,055	80,924	75,888	255,296	\$284,706	3,226,706
1961	18,649	129,541	27,058	84,613	259,861	297,470	3,194,959
1962	17,453	128,368	27,783	87,076	260,680	301,000	3,350,361
1963	16,554	127,526	29,156	101,183	274,419	312,868	3,456,817
1964	15,211	125,876	30,562	114,462	286,111	356,252	3,550,739
1965	14,750	123,738	31,488	121,064	291,040	387,625	3,666,895
1966	14,940	80,592	<sup>3</sup> 76,844	137,378	309,754	434,180	4,229,578
1967	13,963	81,326	79,095	147,286	321,670	477,263	4,279,440
1968	13,413	81,836	79,650	153,923	328,822	512,613	4,765,350
1969 <sup>4</sup>	13,748	80,784	80,717	174,851	350,100	561,938	4,986,407

<sup>1</sup> Confined to owners of 10 or more cars. Does not include railroad owned or controlled refrigerator car lines.<sup>2</sup> Includes stock, gondola, hopper, airdump, box, cradle, flat, vat, etc., cars.<sup>3</sup> One large carrier's fleet has been redesignated to "Other tank" because of its multipurpose use.<sup>4</sup> Preliminary.



TABLE 18.—Operating revenues of class I intercity motor carriers of property, 1960-69

Year ended Dec. 31—	Number of carriers represented	Operating revenues					Total
		Freight, intercity, common	Freight, intercity, contract	Freight, local	Transportation for other classes I and II motor carriers	Other	
1960	935	\$4,384,108,648	\$238,583,060	\$50,657,948	\$47,797,294	\$42,141,074	\$4,763,288,024
1961	972	4,583,203,216	183,338,169	52,436,172	46,641,618	42,827,530	4,908,446,705
1962	1,004	5,071,596,939	210,255,010	62,420,482	40,371,191	43,711,696	5,428,355,318
1963	1,004	5,388,416,804	212,452,389	67,692,483	42,691,909	45,137,678	5,756,391,272
1964	1,025	5,835,182,322	200,585,024	72,293,856	43,530,199	47,873,296	6,199,464,697
1965 <sup>1</sup>	1,114	6,637,386,977	250,996,976	135,949,195	52,079,770	54,321,317	7,130,734,235
1966	1,159	7,347,268,037	265,619,511	153,769,526	63,222,139	66,729,576	7,896,608,789
1967	1,198	7,523,512,038	265,522,136	169,656,176	60,644,218	72,008,352	8,091,342,923
1968	1,252	8,807,150,151	311,644,723	321,071,189	75,878,250	77,092,643	9,592,836,956
1969 <sup>2</sup>	1,296	9,756,396,186	335,465,730	459,285,088	77,094,840	95,188,535	10,723,430,379

<sup>1</sup> Effective 1965, property carriers which derive 50 percent or more of their total operating revenues, excluding (1) "Intercity transportation for other class I and class II motor carriers" and (2) "Other operating revenue," from local service are classified as local carriers. Formerly these carriers were classified on the basis of 25 percent or more.

<sup>2</sup> Preliminary.

TABLE 19.—Expenses, ordinary income, and employment of class I intercity motor carriers of property, 1960-69

Year ended Dec. 31—	Operating expenses	Operat- ing ratio	Income taxes <sup>1</sup>	Ordinary income	Employees	
					Average number	Compensa- tion
1960	\$4,644,706,880	97.51	\$43,923,546	\$37,110,339	326,626	\$2,103,053,578
1961	4,717,566,285	96.11	72,010,216	83,767,584	323,508	2,137,999,162
1962	5,204,289,346	95.87	72,142,178	111,884,504	343,215	2,378,857,960
1963	5,520,248,782	95.90	74,547,281	121,724,524	351,104	2,545,847,548
1964	5,917,875,924	95.46	88,157,582	151,572,124	364,930	2,754,093,286
1965 <sup>2</sup>	6,760,190,140	94.80	121,328,795	208,556,970	375,386	2,948,248,807
1966	7,505,168,593	95.04	118,180,767	217,394,828	420,878	3,435,804,953
1967	7,796,488,303	96.36	<sup>3</sup> 90,726,022	<sup>4</sup> 5143,729,616	424,689	3,569,345,122
1968	9,128,838,220	95.16	<sup>3</sup> 170,171,577	<sup>4</sup> 235,173,932	469,045	4,199,681,291
1969 <sup>4</sup>	10,290,688,626	95.96	<sup>3</sup> 154,706,158	<sup>4</sup> 201,667,121	500,510	4,672,081,599

<sup>1</sup> Does not include income taxes of sole proprietorships, partnerships, and corporations that have elected to be taxed under sec. 1372(a) of the Internal Revenue Code.

<sup>2</sup> Effective 1965, property carriers which derive 50 percent or more of their total operating revenues, excluding (1) "Intercity transportation for other class I and class II motor carriers" and (2) "Other operating revenue," from local service are classified as local carriers. Formerly these carriers were classified on the basis of 25 percent or more.

<sup>3</sup> Excludes income taxes on extraordinary and prior period items.

<sup>4</sup> Before extraordinary and prior period items.

<sup>5</sup> Revised.

<sup>6</sup> Preliminary.

TABLE 20.—Net carrier operating income, net income, and rate of return, class I intercity motor carriers of property, 1960-69

Year ended Dec. 31—	Net in- vestment in trans- portation property plus working capital	Net carrier operating income	Ratio of net carrier oper- ating income to net investment in trans- portation property plus working capital	Share- holders' and proprietors' equity	Net income	Ratio of net in- come to share holders' and prop- rietors' equity
			Percent			Percent
1960	\$1,016,435,421	\$117,231,299	11.53	\$752,088,754	\$37,110,339	4.93
1961	1,060,536,860	189,079,248	17.83	821,297,862	83,767,584	10.20
1962	1,155,771,592	222,186,641	19.22	905,331,308	111,884,504	12.36
1963	1,266,174,202	234,563,508	18.53	1,009,241,206	121,724,524	12.06
1964	1,385,535,389	280,203,751	20.22	1,111,857,300	151,572,124	13.63
1965 <sup>1</sup>	1,635,249,162	368,903,526	22.56	1,326,837,929	208,556,970	15.72
1966	1,853,171,637	387,275,466	20.90	1,501,205,580	217,394,828	14.48
1967	1,939,299,032	292,249,119	15.07	1,596,528,377	<sup>2</sup> 147,426,561	<sup>2</sup> 9.23
1968	2,179,075,325	461,504,402	21.18	1,857,225,276	<sup>2</sup> 238,949,616	<sup>2</sup> 12.87
1969 <sup>3</sup>	2,477,555,333	432,139,328	17.44	2,014,968,272	<sup>2</sup> 178,083,886	<sup>2</sup> 8.84

<sup>1</sup> Effective 1965, property carriers which derive 50 percent or more of their total operating revenues, excluding (1) "Intercity transportation for other class I and class II motor carriers" and (2) "Other operating revenue," from local service are classified as local carriers. Formerly these carriers were classified on the basis of 25 percent or more.

<sup>2</sup> After extraordinary and prior period items.

<sup>3</sup> Preliminary.

TABLE 21.—Operating revenues of class I intercity motor carriers of passengers, 1960-70

Year ended Dec. 31—	Number of carriers rep- resented	Operating revenues				Total
		Passenger intercity schedules	Local and suburban schedules	Charter or special service	Other operating	
1960	143	\$354,794,895	\$26,868,306	\$36,015,530	\$45,436,433	\$463,115,164
1961	144	370,410,897	25,767,711	38,377,147	49,973,623	484,529,378
1962	151	406,024,181	79,412,927	46,868,828	56,251,477	588,557,413
1963	148	418,971,046	78,538,461	51,202,947	61,043,426	609,755,880
1964	161	442,010,929	79,269,145	64,006,553	69,802,540	655,089,167
1965 <sup>1</sup>	156	453,170,576	13,382,983	64,353,011	76,430,377	607,336,947
1966	166	477,796,238	12,504,271	72,367,992	81,652,043	644,320,544
1967	177	479,566,176	14,226,123	84,973,341	90,812,282	669,577,922
1968	173	488,893,436	14,962,590	89,450,717	101,292,728	694,599,471
1969 <sup>2 3</sup>	70	482,714,814	13,071,496	75,448,536	109,136,999	680,371,845
January-June 1969 <sup>2 3</sup>	70					315,588,661
January-June 1970 <sup>2</sup>	70					336,945,100

<sup>1</sup> Effective 1965, carriers reporting both intercity and local and suburban traffic are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenues received from intercity and local or suburban traffic. If the intercity revenues are less than 50 percent, the carriers are classified as local carriers. Formerly, carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>2</sup> Preliminary.

<sup>3</sup> Effective Jan. 1, 1969, the revenue qualification of a class I motor carrier of passengers was increased from average annual operating revenues of \$200,000 or more to \$1,000,000 or more.



TABLE 22.—Expenses, ordinary income, and employment of class I intercity motor carriers of passengers, 1960-70

Year ended Dec. 31—	Operating expenses	Operating ratio	Income taxes <sup>1</sup>	Ordinary income <sup>2</sup>	Employees	
					Average number	Compen- sation
1960	\$405,392,669	87.54	\$26,583,765	\$8,895,117	34,514	\$196,152,376
1961	422,579,715	87.21	27,431,817	10,052,396	34,875	208,686,225
1962	511,103,086	86.84	31,497,535	14,158,299	41,961	260,333,360
1963	529,007,640	86.76	34,174,804	17,658,795	42,070	270,095,800
1964	570,143,551	87.03	32,644,299	18,886,969	43,455	287,630,514
1965 <sup>3</sup>	514,202,551	84.67	37,747,547	22,976,477	35,388	249,578,587
1966	550,137,579	85.38	37,754,198	21,405,428	36,489	268,911,140
1967	591,337,086	88.31	<sup>4</sup> 30,733,842	<sup>5</sup> 23,087,353	37,675	287,282,886
1968	613,279,635	88.29	<sup>4</sup> 36,477,057	<sup>5</sup> 34,803,280	37,487	296,794,356
1969 <sup>6</sup> <sup>7</sup>	594,089,674	87.32	<sup>4</sup> 39,259,595	<sup>5</sup> 56,265,763	33,558	293,383,440
January- June 1969 <sup>6</sup> <sup>7</sup>	288,932,297	91.55				21,346,042
January- June 1970 <sup>6</sup>	313,555,068	93.06				16,267,612

<sup>1</sup> Does not include income taxes applicable to sole proprietorships, partnerships, and corporations that have elected to be taxed under sec. 1372(a) of the Internal Revenue Code.

<sup>2</sup> Does not include Greyhound Lines, Inc. Divisions where shareholders' and proprietors' equities were not determinable for the years prior to 1969.

<sup>3</sup> Effective 1965, carriers reporting both intercity and local and suburban traffic are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenue received from intercity and local or suburban traffic. If the intercity revenues are less than 50 percent, the carriers are classified as local carriers. Formerly carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>4</sup> Excludes income taxes on extraordinary and prior period items.

<sup>5</sup> Before extraordinary and prior period items.

<sup>6</sup> Preliminary.

<sup>7</sup> Effective Jan. 1, 1969, the revenue qualification of class I motor carrier of passengers was increased from average annual operating revenues of \$200,000 or more to \$1,000,000 or more.

TABLE 23.—Net carrier operating income, net income, and rate of return—class I intercity motor carriers of passengers, 1960-69

Year ended Dec. 31—	Net investment in transportation property plus working capital	Net carrier operating income	Ratio of net carrier oper- ating income to net invest- ment in transportation property plus working capital	Share- holders' and proprietors' equity <sup>1</sup>	Net income <sup>2</sup>	Ratio of net income to shareholders' and propri- etors' equity
			Percent			Percent
1960	\$209,168,440	\$57,595,903	27.54	\$81,086,776	\$ 8,895,117	10.97
1961	223,430,149	61,737,229	27.63	89,311,971	10,052,396	11.26
1962	280,088,333	77,278,578	27.59	129,322,752	14,158,299	10.95
1963	290,344,095	80,704,752	27.80	143,334,905	17,658,795	12.32
1964	315,884,642	84,927,584	26.89	156,458,031	18,886,969	12.07
1965 <sup>3</sup>	276,758,228	93,141,308	33.65	126,457,086	22,976,477	18.17
1966	302,888,660	94,271,272	31.12	139,628,553	21,405,428	15.33
1967	321,608,252	78,329,458	24.36	199,663,621	<sup>4</sup> 23,087,353	<sup>4</sup> 11.56
1968	331,511,695	81,374,049	24.55	241,781,004	<sup>4</sup> 34,803,280	<sup>4</sup> 14.39
1969 <sup>5</sup> <sup>6</sup>	452,230,814	82,570,269	18.26	372,884,343	<sup>4</sup> 56,305,199	<sup>4</sup> 15.10

<sup>1</sup> Does not include shareholders' and proprietors' equities of Greyhound Lines, Inc. Divisions where not determinable for the years prior to 1969.

<sup>2</sup> Does not include net income of Greyhound Lines, Inc. Divisions where shareholders' and proprietors' equities were not determinable for the years prior to 1969.

<sup>3</sup> Effective 1965, carriers reporting both intercity and local and suburban traffic are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenue received from intercity and local or suburban traffic. If the intercity revenues are less than 50 percent, the carriers are classified as local carriers. Formerly, carriers whose average fare was 20 cents or less were classified as local carriers.

<sup>4</sup> After extraordinary and prior period items.

<sup>5</sup> Effective Jan. 1, 1969, the revenue qualification of a class I motor carrier of passengers was increased from average annual operating revenues of \$200,000 or more to \$1,000,000 or more.

<sup>6</sup> Preliminary.

TABLE 24.—Revenues of classes A and B carriers by inland and coastal waterways, 1960-70

Year ended Dec. 31—	Number of companies represented	Line-service operating revenues		Other operating revenue	Revenue from terminal operations	Total waterline operating revenues
		Freight	Passenger			
1960	105	\$195,225,405	\$8,277,704	\$2,586,707	\$19,624,116	\$255,416,319
1961	99	184,375,902	7,970,797	3,135,328	20,167,666	246,196,307
1962	95	185,205,743	9,170,957	3,115,221	20,834,015	252,455,942
1963	93	193,682,005	7,372,856	2,867,611	20,755,364	258,054,537
1964	89	185,618,591	7,738,197	3,035,749	21,469,871	257,857,482
1965	90	204,983,560	8,111,393	3,026,607	21,373,849	282,638,150
1966	89	221,611,015	9,424,117	3,372,022	25,287,916	298,089,627
1967	89	215,921,301	9,970,865	3,625,462	26,883,780	296,138,554
1968	85	228,516,555	9,155,422	5,138,471	27,443,283	307,644,506
1969 <sup>1</sup>	87	238,957,809	9,707,663	4,230,381	24,917,497	318,760,957
January-June 1969	84	120,196,555	2,953,736			
January-June 1970	84	155,629,103	3,302,257			

<sup>1</sup> Preliminary.



TABLE 25.—Expenses and ordinary income of classes A and B carriers by inland and coastal waterways, 1960-69

Year ended Dec. 31—	Operating expenses	Operating ratio	Net revenue from waterline operations	Income taxes	Ordinary income	Employees	
						Average number	Compensation
		Percent					
1960	\$234,304,390	91.73	\$21,111,929	\$9,550,154	\$11,968,394	14,338	\$77,771,929
1961	222,601,254	90.42	23,595,053	11,587,229	12,846,285	12,860	72,909,044
1962	226,402,507	89.68	26,053,435	9,748,329	15,688,197	12,163	71,634,975
1963	225,780,055	87.49	32,274,482	11,422,759	20,180,561	11,265	71,491,836
1964	222,842,636	86.42	35,014,846	12,941,993	30,029,716	10,222	67,799,956
1965	240,230,257	85.00	42,407,893	13,579,989	27,939,783	10,291	71,698,763
1966	254,433,215	85.35	43,656,412	12,223,556	31,529,861	10,397	78,858,214
1967	258,673,638	87.35	37,464,916	<sup>1</sup> 11,685,783	<sup>2</sup> 25,365,695	10,411	78,617,662
1968	272,347,928	88.53	35,296,578	<sup>1</sup> 10,924,200	<sup>2</sup> 25,288,330	9,924	81,678,388
1969 <sup>3</sup>	286,828,499	89.98	31,932,458	<sup>1</sup> 9,316,332	<sup>2</sup> 20,377,240	8,155	73,169,958

<sup>1</sup> Excludes income taxes on extraordinary and prior period items.<sup>2</sup> Before extraordinary and prior period items.<sup>3</sup> Preliminary.

TABLE 26.—Net revenue from waterline operations, net income, and rate of return—classes A and B carriers by inland and coastal waterways, 1960-69

Year ended Dec. 31—	Net investment in transportation property plus working capital	Net revenue from waterline operations	Ratio of net revenue from waterline operations to net investment in transportation property plus working capital	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
			Percent			Percent
1960	\$247,077,787	\$21,111,929	8.54	\$208,820,923	\$11,968,394	5.73
1961	243,758,306	23,595,053	9.68	209,207,834	12,846,285	6.14
1962	244,972,532	26,053,435	10.64	205,160,782	15,688,197	7.65
1963	245,377,362	32,274,482	13.15	213,181,394	20,180,561	9.47
1964	261,627,839	35,014,846	13.38	224,029,170	30,029,716	13.40
1965	278,361,019	42,407,893	15.23	234,398,733	27,939,783	11.92
1966	291,302,064	43,656,412	14.99	253,269,747	31,529,861	12.45
1967	265,961,601	37,464,916	14.09	224,728,883	<sup>1</sup> 27,344,243	<sup>1</sup> 12.17
1968	287,735,765	35,296,578	12.28	239,138,296	<sup>1</sup> 26,225,419	<sup>1</sup> 10.97
1969 <sup>2</sup>	280,039,652	31,932,458	11.40	244,949,666	<sup>1</sup> 20,788,121	8.49

<sup>1</sup> After extraordinary and prior period items.<sup>2</sup> Preliminary.

NOTE: Long-term debt due within 1 year included in current liabilities beginning in 1963.

TABLE 27.—Revenues and expenses of maritime carriers, 1960-69

Year ended Dec. 31—	Num- ber of com- panies repre- sented	Operating revenues				Waterline tax accruals	Total waterline operating expenses	Oper- ating ratio
		Coastwise and inter- coastal service	Charter	Total vessel operating	Total waterline operating			
1960	27	\$135,159,959	\$16,978,720	\$460,567,342	\$524,413,273	\$707,852	\$515,302,869	Percent 98.26
1961	26	107,302,361	22,584,541	439,294,532	504,679,917	689,901	494,395,776	97.96
1962	23	102,409,701	24,183,445	532,535,273	628,498,423	813,228	593,773,641	94.47
1963	21	102,346,182	20,430,141	547,732,284	652,657,076	1,171,818	627,419,122	96.13
1964	21	106,193,835	17,844,491	595,304,904	704,840,170	1,251,287	667,165,648	94.65
1965	20	103,650,563	19,834,911	579,908,021	678,980,520	1,198,952	651,990,581	96.02
1966	19	112,607,919	35,163,627	582,982,642	654,491,504	1,317,915	611,648,180	93.45
1967	17	77,917,812	43,761,230	602,190,258	673,927,830	1,161,303	636,581,671	94.46
1968	18	67,352,766	96,031,095	728,197,762	801,913,003	1,573,465	742,679,757	92.61
1969 <sup>1</sup>	17	83,818,294	55,758,841	670,291,716	739,324,526	1,554,369	678,037,906	91.71

<sup>1</sup> Preliminary.

TABLE 28.—Taxes, ordinary income, and employment of maritime carriers, 1960-69

Year ended Dec. 31—	Provision for income taxes	Ordinary income	Employees	
			Average number	Compensation
1960	\$8,443,601	\$4,581,479	16,256	\$123,669,282
1961	7,334,081	6,613,211	18,668	131,418,957
1962	11,131,684	21,203,789	16,333	138,020,796
1963	3,584,834	18,260,328	15,853	146,422,465
1964	10,339,093	26,827,910	15,561	160,546,494
1965	4,873,281	21,743,255	12,282	144,412,477
1966	12,923,890	25,338,335	10,789	113,951,878
1967	<sup>1</sup> 7,060,777	<sup>2</sup> 25,060,518	12,924	111,182,824
1968	<sup>1</sup> 11,447,732	<sup>2</sup> 51,704,539	13,803	128,129,627
1969 <sup>3</sup>	<sup>1</sup> 18,722,267	<sup>2</sup> 75,711,005	13,719	124,468,670

<sup>1</sup> Excludes income taxes on extraordinary and prior period items.<sup>2</sup> Before extraordinary and prior period items.<sup>3</sup> Preliminary.

TABLE 29.—Gross profit from shipping operations, net income, and rate of return of maritime carriers, 1960-69

Year ended Dec. 31—	Net investment in transportation property plus working	Gross profit from shipping operations	Ratio of gross profit from shipping operations to net investment in transportation property plus working capital	Shareholders' equity	Net income	Ratio of net income to share- holders' equity
			Percent			Percent
1960	\$261,253,845	\$9,110,404	3.49	\$263,000,354	\$4,581,479	1.74
1961	254,092,501	10,284,141	4.05	271,353,676	6,613,211	2.44
1962	384,025,571	34,724,782	9.04	340,050,198	21,203,789	6.24
1963	397,670,350	25,237,954	6.35	352,708,211	18,260,328	5.18
1964	402,710,883	37,674,522	9.36	372,163,726	26,827,910	7.21
1965	333,067,694	26,989,939	8.10	278,472,310	21,743,255	7.81
1966	418,977,934	42,843,324	10.23	302,514,549	25,338,335	8.38
1967	444,760,213	37,346,159	8.40	294,775,275	<sup>1</sup> 26,523,365	<sup>1</sup> 9.00
1968	538,688,135	59,233,246	11.00	368,742,428	<sup>1</sup> 53,509,261	<sup>1</sup> 14.51
1969 <sup>2</sup>	517,383,795	61,286,620	11.85	426,251,108	<sup>1</sup> 81,232,574	<sup>1</sup> 19.06

<sup>1</sup> After extraordinary and prior period items.<sup>2</sup> Preliminary.



TABLE 30.—Transportation revenues and transportation purchased, class A freight forwarders, 1960-69

Year ended Dec. 31—	Num- ber of for- ward- ers rep- resented	Transportation revenues	Transportation purchased				Total
			Railroad	Motor	Water	Pickup, delivery, and transfer	
1960	64	\$437,016,256	\$188,351,121	\$58,926,065	\$2,028,774	\$58,691,003	\$309,734,407
1961	64	442,767,684	179,144,943	60,927,786	1,642,555	60,898,444	304,427,726
1962	64	464,582,799	179,654,289	68,722,351	1,446,230	66,559,585	318,448,575
1963	60	469,647,263	167,411,216	75,752,000	7,634,500	67,339,978	320,405,783
1964	60	487,013,405	163,604,460	85,831,496	8,619,202	71,818,476	333,328,234
1965	59	459,338,760	151,210,173	72,136,335	8,448,535	71,304,108	306,459,106
1966	61	526,833,592	170,056,448	80,816,044	4,781,823	83,168,372	345,939,868
1967	63	518,815,040	158,620,694	82,850,082	3,988,775	84,044,790	336,853,437
1968	64	560,671,045	165,204,351	96,922,049	5,146,831	91,678,359	367,671,349
1969 <sup>1</sup>	63	590,233,020	170,710,206	99,298,733	6,216,121	95,191,265	384,231,200

<sup>1</sup> Preliminary.

TABLE 31.—Operating revenues, expenses, income taxes, ordinary income, and employment of class A freight forwarders, 1960-69

Year ended Dec. 31—	Operating revenues	Operating expenses	Operating ratio	Revenue from forwarder operations	Income taxes	Ordinary income	Employees	
							Average number	Compensation
			Percent					
1960	\$131,719,307	\$126,403,920	95.96	\$5,315,387	\$2,802,458	\$2,796,554	10,914	\$57,640,390
1961	143,051,861	131,926,129	92.22	11,125,732	4,388,080	6,080,013	10,749	57,561,106
1962	150,383,782	136,839,432	90.99	13,544,350	5,886,134	6,770,774	10,504	59,326,489
1963	152,229,176	139,043,972	91.34	13,185,204	5,617,260	7,281,857	10,076	59,542,205
1964	156,205,604	145,506,411	93.15	10,699,193	4,766,231	5,122,455	9,530	59,284,093
1965	155,449,613	136,525,659	87.83	18,923,954	7,482,251	11,387,606	8,457	55,188,383
1966	184,025,954	160,668,473	87.31	23,359,481	9,257,004	11,831,672	9,341	62,464,776
1967	185,744,660	167,270,002	90.05	18,474,658	<sup>2</sup> 8,440,132	<sup>1</sup> 8,592,611	9,422	66,360,489
1968	196,937,331	179,768,607	91.28	17,168,724	<sup>2</sup> 9,432,994	<sup>1</sup> 3 6,760,069	9,786	73,970,592
1969 <sup>4</sup>	210,929,713	193,624,111	91.80	17,305,602	<sup>2</sup> 8,506,637	<sup>3</sup> 7,027,303	10,409	80,866,753

<sup>1</sup> Data of 1 large corporation in process of reorganization under chapter X of the Bankruptcy Act have been omitted from this item. Had such data been included, net income would be \$13,804,427, \$7,738,125 and \$5,960,477 for the years 1966, and 1968, respectively.

<sup>2</sup> Excludes income taxes on extraordinary or prior period items.

<sup>3</sup> Before extraordinary and prior period items.

<sup>4</sup> Preliminary.

TABLE 32.—Revenue, less taxes, from forwarder operations, net income, and rate of return of class A freight forwarders, 1960-69

Year ended Dec. 31—	Net investment in transportation property plus working capital	Revenue, less transportation taxes, from forwarder operations	Ratio of revenue, less transportation taxes from forwarder operations to net investment in transportation property plus working capital	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
			Percent			Percent
1960	\$17,292,301	\$5,049,494	29.20	\$19,321,019	\$2,796,554	14.47
1961	19,427,154	10,832,782	55.76	19,768,763	6,080,013	30.76
1962	20,384,472	13,235,199	64.93	22,010,549	6,770,774	30.76
1963	21,128,662	12,749,844	60.34	23,709,107	7,281,857	30.71
1964	19,617,800	10,262,632	52.31	19,809,507	5,122,455	25.86
1965	19,817,765	18,472,053	93.21	19,532,347	11,387,606	58.30
1966	28,294,202	22,777,532	80.50	<sup>1</sup> 20,847,351	<sup>1</sup> 11,831,672	<sup>1</sup> 56.75
1967	29,701,150	17,791,830	59.90	<sup>1 2</sup> 26,383,904	<sup>1 2 3</sup> 9,767,165	<sup>1 3</sup> 37.01
1968	30,687,164	16,451,194	53.61	<sup>1</sup> 27,077,702	<sup>1 3</sup> 6,771,259	<sup>1 3</sup> 25.01
1969 <sup>4</sup>	36,910,241	16,552,656	44.85	28,862,540	<sup>3</sup> 7,034,909	<sup>3</sup> 24.37

<sup>1</sup> Data of 1 large corporation in process of reorganization under chapter X of the Bankruptcy Act have been omitted from this item. Inclusion of such data would have distorted ratio of net income to shareholders' equity.

<sup>2</sup> Revised.

<sup>3</sup> After extraordinary and prior period items.

<sup>4</sup> Preliminary.



TABLE 33.—Revenue, expenses, ordinary income, and employment of oil pipeline companies, 1960-69

Year ended Dec. 31—	Number of companies represented	Operating revenues	Operating expenses	Operating ratio	Taxes		Ordinary income	Employees <sup>2</sup>	
					U.S. Government	Other than U.S. Government		Average number	Compensation
1960	82	\$756,330,661	\$405,465,693	Percent	\$114,753,937	\$37,490,373	\$171,683,299	21,321	\$150,577,190
1961	84	770,066,992	407,107,830	53.61	110,717,562	39,647,062	181,352,272	20,295	150,715,010
1962	87	789,492,543	412,831,049	52.87	114,541,058	40,635,975	201,319,617	19,197	145,108,799
1963	89	814,766,331	423,599,388	51.99	123,904,364	42,966,747	196,131,410	18,157	144,284,582
1964	85	840,802,653	485,413,141	57.73	115,417,074	46,106,858	206,458,978	17,676	142,830,552
1965	84	879,592,867	497,350,368	56.54	133,786,522	48,470,554	215,462,204	15,635	141,267,362
1966	82	916,020,258	515,451,150	56.27	131,677,748	51,303,986	232,912,675	16,180	140,655,347
1967	85	966,822,279	546,363,904	56.51	<sup>3</sup> 127,798,758	<sup>3</sup> 54,062,200	<sup>4</sup> 248,033,459	15,888	145,190,591
1968	92	990,490,638	577,457,465	58.30	<sup>3</sup> 115,816,527	<sup>3</sup> 59,116,713	<sup>4</sup> 252,787,370	15,958	153,030,427
1969 <sup>5</sup>	94	1,069,262,534	623,186,580	58.28	<sup>3</sup> 129,480,322	<sup>3</sup> 66,594,010	<sup>4</sup> 255,413,941	15,679	159,361,651

<sup>1</sup> Includes Federal income taxes which prior to 1964 were not separable in published statistics from other U. S. Government taxes. In 1969 Federal income taxes were \$124,692,636.

<sup>2</sup> Includes employees of pipeline departments of 5 large oil companies.

<sup>3</sup> Excludes income taxes on extraordinary and prior period items.

<sup>4</sup> Before extraordinary and prior period items.

<sup>5</sup> Preliminary.

TABLE 34.—Net revenue from operations, net income, and rate of return of oil pipeline companies, 1960-69

Year ended Dec. 31—	Net investment in transportation property plus working capital	Net revenue from operations	Ratio of net revenue from operations to net investment in transportation property plus working capital	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
			Percent			Percent
1960	\$2,062,179,655	\$350,864,968	17.01	\$1,092,711,519	\$171,683,299	15.71
1961	2,108,244,322	362,959,162	17.22	1,114,677,494	181,352,272	16.27
1962	2,130,753,535	376,661,494	17.68	1,145,901,795	201,319,617	17.57
1963	2,467,844,940	391,166,943	15.85	1,229,182,428	196,131,410	15.96
1964	2,433,869,953	355,389,512	14.60	1,292,956,889	206,458,978	15.97
1965	2,481,487,161	382,242,499	15.38	1,325,968,889	215,462,204	16.25
1966	2,698,822,816	400,559,108	14.84	1,411,989,044	232,912,675	16.50
1967	2,824,885,746	420,818,375	14.90	1,451,081,727	<sup>1</sup> 256,257,381	<sup>1</sup> 17.66
1968	3,077,980,684	413,033,173	13.42	1,569,491,867	<sup>1</sup> 254,121,073	<sup>1</sup> 16.19
1969 <sup>2</sup>	3,276,156,255	446,075,954	13.62	1,693,139,226	<sup>1</sup> 263,286,564	<sup>1</sup> 15.55

<sup>1</sup> After extraordinary and prior period items.<sup>2</sup> Preliminary.

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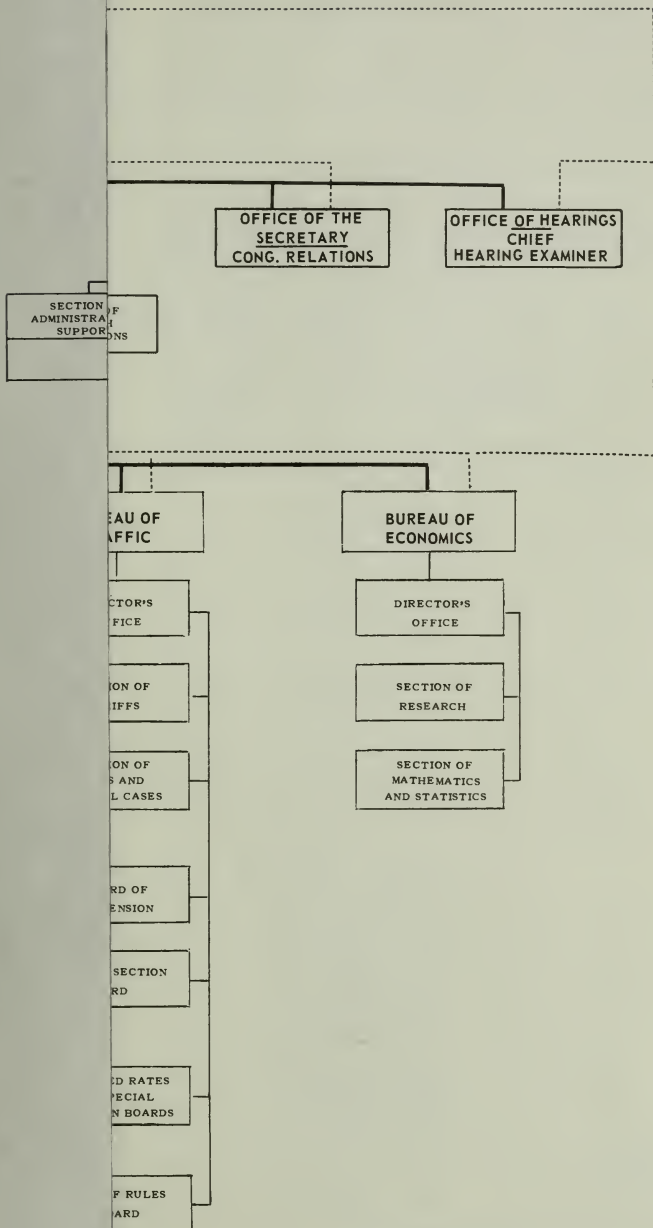
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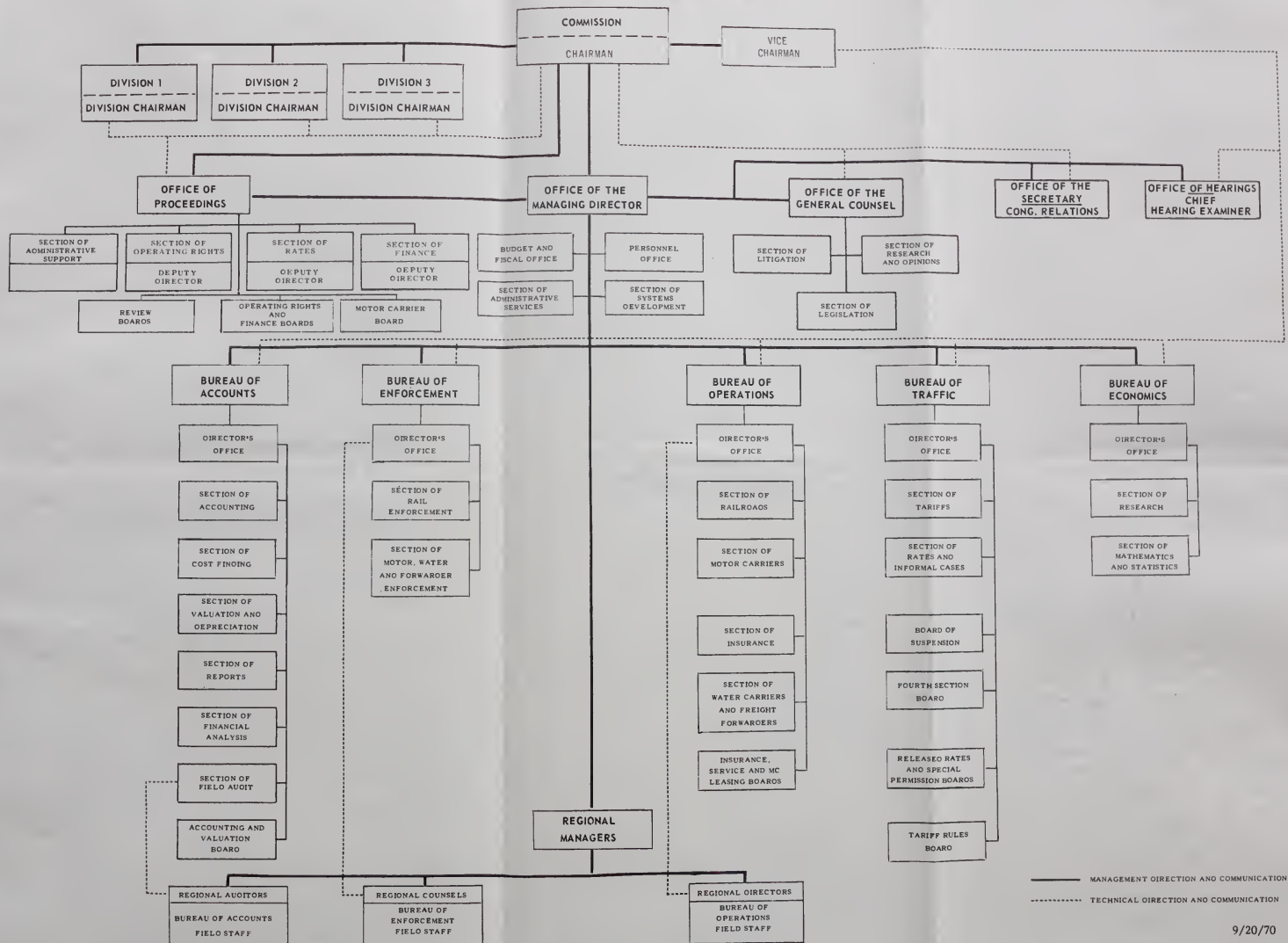




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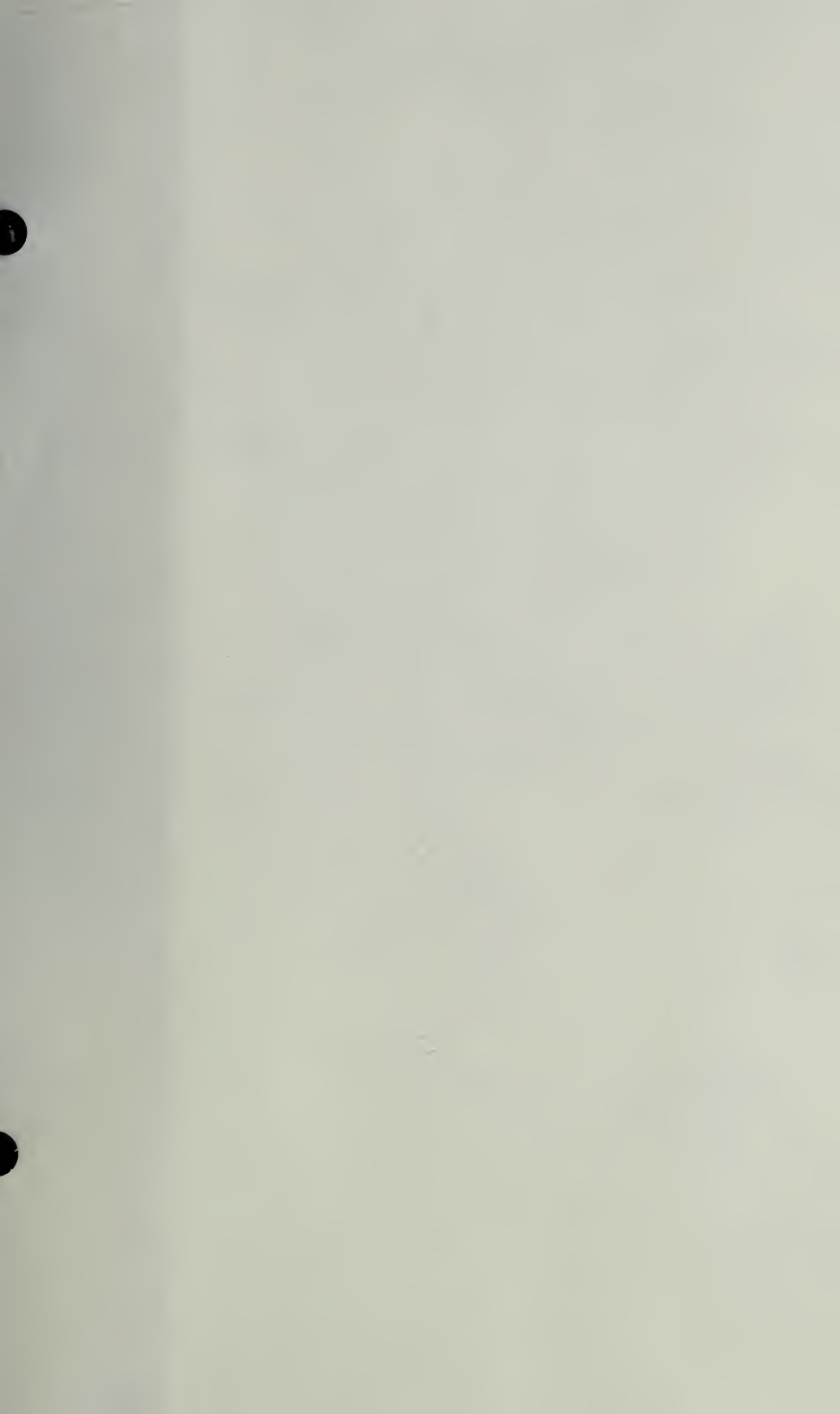
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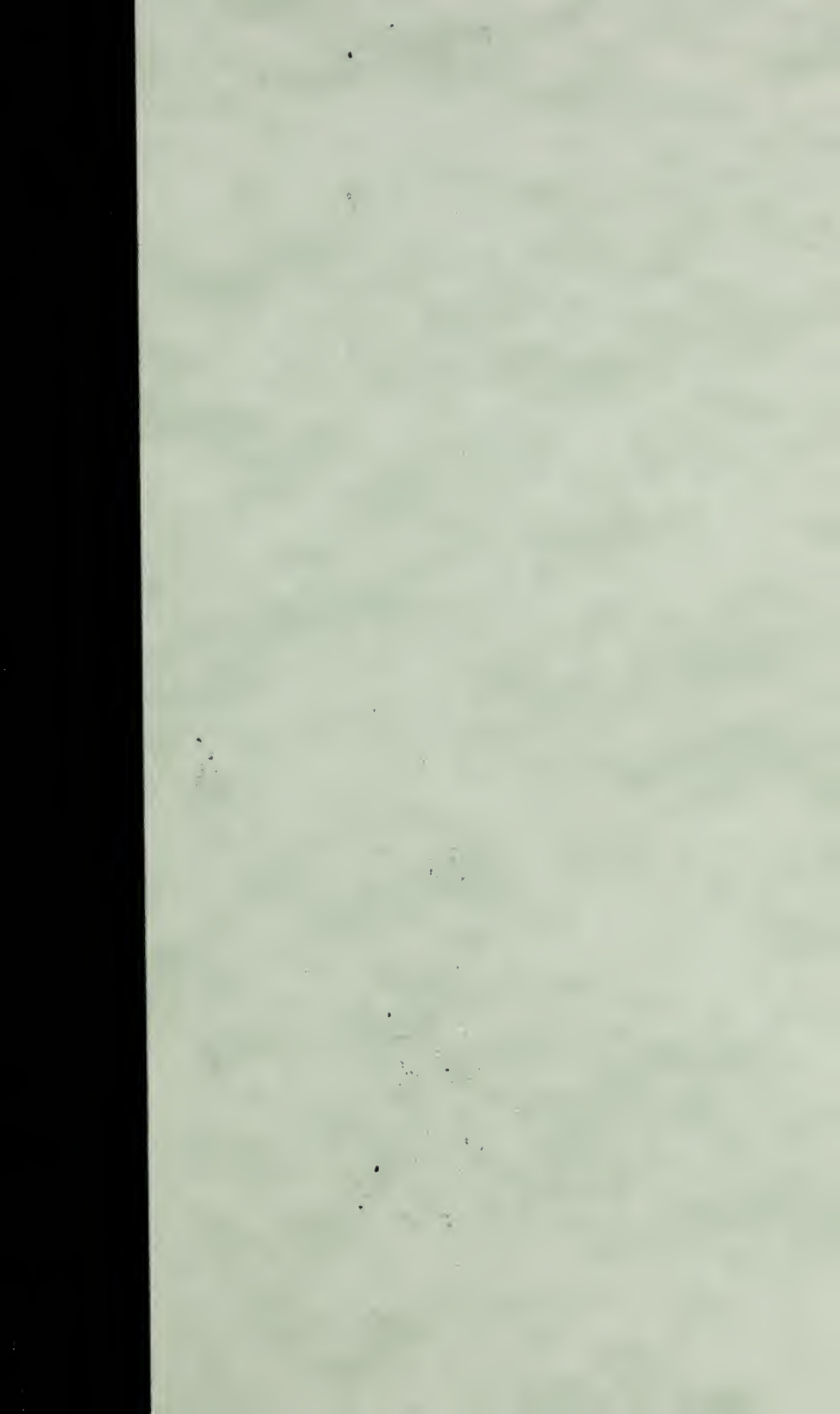












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